EUROPE'S BUSINESS NEWSPAPER

By John Lloyd in Prague

THE WAVE of reform sweeping through Eastern

Europe reached hard-line Czechoslovakia last night

when the entire Communist Party leadership resigned. Later in the evening, televi-

The resignations appeared to leave the Czechoslovakian

yesterday in Mr Alexander

Dubcek, the former Czechoslo-vak leader, making a trium-

phant return to the capital 21

years after his "Prague Spring" of reform was crushed by

The resignations were announced following a full-day emergency meeting of the Czech Communist Party cen-

tral committee called in response to the growing tide of protests throughout the coun-

At 7pm the CTK, the official

news agency, announced that Mr Milos Jakes, the Commu-nist Party General Secretary, had offered his resignation and

that of the the entire secretar-

Soviet tanks.

FINANCIALTIME



WORLD NEWS

UK to launch anonymous AIDS testing

Anonymous AIDS screening is to be introduced in Britain in the new year to try to establish how far the disease has

A wide selection of people undergoing blood tests for other reasons will be tested anonymously for HIV anti-

bodies. Health Minister Virgina Bottomley promised that the test results would not be traceable back to individuals, and patients would have the option of refusing to have their blood tested for HIV.

New Lebanese President Elias Hrawi, a Maronite Christian aged 60, was sworn in as Lebanon's new President. He succeeds Rene Moawad, murdered on Wednesday only 17 days after his appointment. Mr Hrawi pledged to continue efforts to end Lebanon's 14year civil war.

Bomb on Saudi airliner Explosives were found on a Saudi airliner which made an emergency landing in Karachi after receiving a bomb warn-ing. Two Pakistani passengers were found with a detonator and arrested. The jet, with 343 people on board, was flying from Islamabad to Riyadh.

Thatcher no 'lame duck' Mrs Thatcher told US television viewers she was no "lame duck" Prime Minister.

Father jailed for life David Hammond, 26, was sentenced to life imprisonment at Bristol Crown Court for murdering his five-year-old daughter, Sukina. He beat her to death because she would not spell her name.

Clarke move on dispute Health Secretary Kenneth Clarke agreed to a new ambulance pay negotiating body to run parallel with the exisit-ing Whitley Council. Mr Clarke said he accepted the move because the council excluded the Association of Professional Ambulance Personnel

Trawier capsizes Two men died when a trawler capsized and sank within a minute off Cornwall. Two others were rescued by another

Branson balloon delayed Bad weather again foiled businessman Richard Branson's attempt to fly the Pacific in a hot air balloon. Lift-off from southern Japan was aborted because of high winds.

Danish airport chaos Thousands of travellers were stranded at Copenhagen's Kastrup airport when a walk-out by airport staff grounded flights.

Hunt for drug dealer Colombian forces searched dense jungle with boats and helicopters in their quest for Pablo Escobar, an alleged drug cartel leader. Escobar had escaped when one of his man-

sions was stormed by police. Star tender

Eighteen companies have bid for the right to remove the 1.6 tonne steel red star from the top of Hungary's parliament building. Three bidders have even offered to pay for the privilege.

MT pudding alert The National Trust warned that as many as 35,000 Christmas puddings on sale at its shops could be mouldy. The Trust withdrew all puddings from its 200 outlets in high streets and country houses.

Nestle said it was recalling some batches of Slender and Build-up powdered drinks after saimonella was found in one sachet.

FT price rise The price of the Financial Times will rise to 50p on Mon-

Coats cleared to renew

BUSINESS SUMMARY

No. 31,008

Coats Vivella received clearance from the European Commission for its bid for Too-tal, its fellow UK textile group. Coats is finalising plans for a new bid, expected to be significantly lower than the original £395m offer in May.

The decision was based on proposals for a common mergers policy yet to be adopted formally. Page 8 UK ECONOMIC activity

appears to be continuing its steady decline from the peak of August 1988, according to cyclical indicators from the Central Statistical Office.

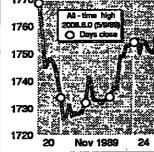
BRITISH-AMERICAN Tobacco, cigarette-making subsidiary of BAT Industries, is to close its factories in Liverpool and Amsterdam and transfer to Southampton and Brussels. Some 476 jobs will be lost in

BARCLAYS bank agreed to sell its US consumer lending and instalment credit subsid iary for \$150m (£96m) to Primerica, a financial services and retailing company. Page 8; Lex, Page 22

UK EQUITIES: Any recovery in confidence in the outlook for share prices was stemmed by continued uneasiness in sterling. The week's nervous

FT index

(hourly movements)



trading ground to a close with the FT Ordinary index adding 0.8 to 1,754.9, a fall of 14.4 over the week. Page 17

NIKKEI average rose to a third consecutive record, the Tokyo share index adding 197.55 to 36,484.47. Page 13

Cruickshank became the latest London securities house to pull out of market-making in UK equities, with the loss of up to 20 jobs. Page 4

JAPAN pledged financial support for Poland including \$150m (£96m) in low-interest loans to a \$1bn international fund being established by Western countries. Page 3

FRENCH insurance company Groupe Victoire, taken over this summer by the Suez finan cial conglomerate, is continuing its rush to create a giant European insurance network with talks on a partnership with Danish insurer Baltica

Holding. Page 10 ROBERT MAXWELL, UK publisher, branched out this week with a \$250m (£160m) bid for a 50 per cent stake in Clal,

Israel's second-biggest conglomerate. Page 10 NIPPON Life Insurance of Japan is expected to pay Credit Lyonnais bank FFr420m (£44m) for a one-third stake in the Forum des Halles shopping

centre in Paris. MONOTYPE Corporation, UK manufacturer of typesetting and pre-press equipment, agreed to be bought for £32m by US investment group King, Black & Associates. Page 8

VSEL Consortium, defence contractor which makes Britain's Trident-carrying sub-marines, more than doubled interim pre-tax profits to £12.1m. Page 8

SIR RON BRIERLEY, New Zealand entrepreneur, is to return to stamp dealing in his retirement by buying, in a personal capacity, a 37.5 per cent stake in the Australian arm of UK stamp group Stanley Gibbons. Page 10

MARKETS

STERLING

New York lunc \$1.5625 Lendon: \$1.5625 (1.562) DM2.82 (2.8375) FFr9.625 (9.665) SFr2.5225 (2.525) Y224.25 (225.25) £ index 86.7 (87.0) New York: Comex Dec \$419.3 (411.5) London: \$416.25 (411.75) N SEA OIL (Argus)

New York DM 1.8055 FFr6.1585 SFr1.6145 Y143.60 Lendon: DM1.805 (1.816) FFr6.16 (6.1875) SFr1.615 (1.616) Y143.45 (144.25) \$ index 69.3 (69.6) Tokyo close: Y143.80 US LUNCHTIME rates Fed Funds 84%

3-mo Treasu yleid: 7.75% Long Bond: 10252 yleld: 7.87%

Chief price changes

STOCK INDICES FT-SE 100: 2,222.4 (+1.9) FT Ordinary: 1,754.9 (+ 0.8) FT-A All-Share New York lun DJ Ind. Av. S&P Comp

1,114.00 (+0.1%) 2,677.26 (+20.48) 344.01 (+2.10) Tokyo: Nikkei 36,484.47 (+ 197.55) LONDON MONEY
3-month interbank: closing 15½% (15½) Liffe long gilt future: Dec 9131 (91%)

SELLING PRICE IN IRELAND 60p. IN MALTA 40c

bid for Tootal

Krenz declares socialist loyalty

By Leslie Colitt, David Marsh and Geoffrey Owen in East Berlin

MR EGON KRENZ, the East German leader, yesterday declared his country's unstinting allegiance to Socialism and firmly warned West Germany against hopes of a complete disman-

tling of the Berlin Wall. In a wide-ranging interview with the Financial Times, Mr Krenz said that his country's planned free elections were unlikely to take place before the end of 1990, the first time the East German leader has mentioned a date for western-

toned a date for western-style polls.

Although he spoke of East Germany "learning" from capitalism "in spite of all its imperfections," Mr Krenz attacked West German efforts to force East Germany into market-oriented reforms in exchange for aid. He proclaimed: "I cannot imagine East Germany as a capitalist country."
Mr Krenz also hit out at suggestions that he would

n be forced to relinquish power. In charge since the middle of last month, after the forced resignation of Mr Erich Honecker, Mr Krenz said: "I have not taken office in order to step down." He said he was confident of staying on after the party's special congress in

But he admitted that, as a

FULL INTERVIEW Page 6

result of dissatisfaction among party members, the majority of the SED's cen-tral committee would be voted out next month.

Punctuating his remarks with frequent flashes of humour, he made light of his own considerable unpo-pularity in East Germany. "I can order no-one to have a good relationship with me,"

Mr Krenz spoke in his office at the Socialist Unity (Communist) Party (SED) headquarters in East Berlin - a massive block which housed the pre-war German-central bank, the Reichs-bank. The austerity of his spacious office was relieved only by a wall-relief of Lenin, an abstract pastel tapestry of East Berlin land-marks — including the Brandenburg Gate – and two ceiling clusters of oversized light bulbs.

Mr Krenz said that a decision to open the Branden burg Gate at the Berlin Wall which has been rumoured for more than a week — depended on whether the Federal Republic and West

Continued on Page 22

sion programmes were inter-rupted with a brief announce-ment that Mr Karel Urbanek, a member of the reformist group in the Central Committee close to the Prime Minister, Mr Lad-islav Adamec, had been elected as the new General Secretary. The resignations appeared to leave the Czechoslovakian reform movement, which has been campaigning for political freedom; on the verge of a stunning victory.

The mass resignations came at the end of an extrodinary week which has seen daily demonstrations in Prague of more than 250,000 culminating vesterday in Mr Alexander.

Signs of Moscow support for opposition

Czech Communist

Party leaders quit

as Dubcek returns

More mass demonstrations in Prague

EASTERN EUROPE • Vast crowds light

iat, or top leadership, to the party's Central Committee. Discussions on the new lead-Page 2 ership were continuing late into the evening but it was not clear what form this new lead-ership would take. CTK said the leadership offered their resignations at the Central Committee meeting to allow elec-

The news agency said the 150-member Central Committee was debating personnel changes and a new party lead-ership was expected to be elected by secret ballot. It added: "Mr Jakes said he

hoped the changes would con-tribute to a more resolute implementation of the process of restructuring and democrati-

Demonstrators in Prague carrying Dubcek hanners

Polish PM talks with Gorbachev

The resignation of the Communist government in Czechoslovakia follows the fall of regimes in Poland, Hungary ist Germai

past six months. Another vast demonstration in Prague's Wenceslas Square yesterday, spilling out into the city centre, gave a roar of wel-come as Alexander Dubcek appeared on a balcony above

Mr Dubcek, who is re-emerg-ing as a powerful symbol of the Czech desire for political free-

dom, told a crowd of between 300,000 and 400,000: "Let us act as if we were in the light. We must unite in one current, and raise our country to a new level of freedom."

Speaking after him on the balcony of the headquarters of the Socialist paper Svobodne Slobo (Free Word) was Mr Vaclav Havel, the playwright and moral leader of the newlyformed Civic Forum opposition movement. Mr Havel said that

formed Civic Forum opposition movement. Mr Havel said that any dialogue betweent the movement and the Communist Party - offered on Thursday by Mr Ladislav Adamaec, the Prime Minister - must include discussions on the abolition of the party's leading role.

Third in a richly symbolic trinity was Cardinal Tomasek, whose age (90) prevented him from being present in the flesh but who sent a letter of protest against television distortion of his recent meeting with Mr Miroslav Stepan, the Prague Party chief - a letter which ended "The Church remains with the nation in its fight for democracy."

These speeches were made as the Central Committee met in all-day session, having moved out of their old building in the city centre, uncomfortably close to Wenceslas Square, to the relative security of their political academy half way to the airport

Majority opinion in Prague yesterday was that at least Mr Jakes and Mr Stepan would go - with Mr Adamec taking the supreme party position. The Communist Party committee in the town of Karlovy Vary called for the resignation of the entire leadership at a meeting last night.

This opinion was bolstered by further unmistakable signs that the Soviet Union was not just withdrawing support from Mr Jakes, but throwing it behind the opposition. A senior opposition source with good Communist contacts said that Mr Adamec had sent details of a reformist programme to Mr Mikhail Gorbachev, the Soviet leader, on Thursday - and that the programme had been

An article in yesterday's Pravda, the main organ of the Soviet Communist Party, Continued on Page 22



A three page guide to the Government's water sale. An assessment of all 10 water

companies, advice on different investment strategies, including the possibilities of avoiding tax with a PEP, and an account of the personalities, the battles and political compromises behind the flotation. Pages IX-XI

DRUGS

Christian Tyler thinks the unthinkable, after a visit to Amsterdam, and considers whether the case for the legalisation of hard drugs is Page I



How To Spend it goes to Tokyo, sampling Japanese food and rice wine; looking at the latest in minor Japanese motoring miracles; and explaining why you should be interested in the Tokyo Stock Market

> SKIING A full page of skiing Page XIII

BOOKS

Our reviewers choose the books published this year that they have most enjoyed Pages XVIII-XIX

* * *

F. - 12.

Pound falls on political doubts and unease over the economy

By Patrick Harverson, Economics Staff

POLITICAL uncertainty and disquiet about the British economy led to another fall in sterling on the foreign exchanges yesterday.

The pound ended a difficult week 7 pfennigs lower against a D-Mark buoyed by developments in East Germany. Selling of the pound was par-ticularly heavy on overseas

markets, as foreign investors have been unsettled by news of the challenge to Mrs Thatcher from within her own party. Much of the damage to sterling yesterday was inflicted in the Far East, and the early losses forced the Bank of England to intervene to support the cur-rency during the morning. The pound fell in spite of an unexpected improvement in

the trade deficit reported on Thursday, which falled to allay the markets' fears about the outlook for the economy. The steady fail in sterling this week has revived fears among some analysts that bank base rates may have to go even higher to defend the

CONTENTS

kets, however, were betting yesterday that base rates would stay at 15 per cent. Dealers believe Mr John Major, the Chancellor, would let the pound fall some way further before ordering a rate rise that would put an already weakned Government under further political pressure. Sterling's weakness again

reflected the strength of the D-Mark. Currency markets believe the Bundesbank may have to tighten monetary policy to counteract the inflationary effects of thousands of migrants from East Germany increasing domestic demand.
The first opportunity to raise rates will come on Thursday, when the Bundesbank council meets in Frankfurt.

The D-Mark has also gained from expectations that the West German economy will grow faster next year because of the injection of East German labour, and the increase in trade that will accompany the opening of East European mar-

The French franc has fallen closer this week to the level where intervention is necessary to prevent it from crashing through its permitted floor in the EMS band. This has led to speculation that the D-Mark will be revalued to restore some stability to the system. The political upheavals in Europe and the fluctuations in

in the European Monetary Sys

financial markets have given a boost to gold in recent weeks. On the London bullion market yesterday the price of gold closed at \$416.25 a troy ounce, its highest level for 11 months. In London the pound closed 1.75 pfennigs lower at DM2.82, but slightly higher against a weak dollar at \$1.5625. On the Bank of England's sterling weighted index (1985 = 100) the pound closed down 0.3 at 86.7,

pound closed down u.s at 80.7, to show a loss of 1.4 points over the week. Gold markets, Page 4; Editorial comment, Page 6; Currencies, Page 11; World stock markets, Page 13; London stock exchange, Page 15; Markets, Weekend FT, Page II

12,13 12,13 14

16-19 . 22

The rise in the D-Mark has placed a strain on currencies currency. The foreign exchange mar-

Man in the News: . Egon Krenz talks to the FT Bernard Weatherill . The Speaker's new role **Editorial Comment** Well Street Bourses SE Dealings The case for overkill FT World Actuaries Ministers and shareholdings: The rules on investments President Bush interviewed: Intentional timidity in the Oval Office

Austria Sch22: Bahrain Dind 700: Bermuda \$1.50; Beighim BFr50; Canada CS1.00; Cyprus C00.90; Denmark DK:10.00; Egypt EE3.23; Fin Fink?.00; France FFr? 00; Germany DM2.70; Greece Dr190; Hong Kong HK512; Icaland RK9125; India Rup15; Indonesia Rp3,100; Ireland RC Israel NS3.50, Italy L2000; Japan Y600, Jordan Fils1.000; Kuwali Fils 500; Lebando EL400; Luxembourg LFr50; Malayala Rind.25; Halis 40c; Mc Pes.300; Morocco Dind 60; Netherlands Fil 300; Norway Neth 00; Pompal Esch40; S.A.7bba R137.00; Singapore S&4 10; Spein Pr145; Sri L Rup30, Sweden SKr10.00; Switzerland SFr2.40; Talwan NTS80; Thalland BNI50; Tunisia Dm0 800; Turkey L1200; UAB DN7.00; UBA 31.80.

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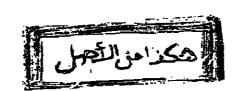
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OVERSEAS NEWS

Thatcher asks Bush for caution on east Europe

By Peter Riddell, US Editor, in Washington

MRS Margaret Thatcher it is to entrench democracy yesterday sought to enlist President George Bush's support for her cautious view of the correct western European response to the changes in the Soviet Union and elsewhere in eastern Europe.

As she was meeting Mr Bush for four hours of talks at his Camp David retreat in Mary-land, Mrs Thatcher said there were no disagreements between Britain and the US. She praised the president's televised address on Wednesday evening which reaffirmed the US commitment to Europe and electrone consultation with and close consultation with

The meeting came a week before Mr Bush's talks off pefore Mr Bush's talks off Malta with President Mikhail Gorbachev. Announcing a fur-ther round of intensive transat-lantic consultations, the White House said yesterday that Mr Bush would meet President François Mitterrand of France in the Caribbaan on December in the Caribbean on December 16, two weeks after Mr Gorba-chev and a week after the summit of European Community leaders at Strasbourg. The meeting is expected to be on the French-Dutch Caribbean island of Saint Martin.

During a series of television interviews before she spoke with Mr Bush, Mrs Thatcher put a personal, and cautious, gloss on the allied position and the scope for big cuts in

defence spending.

She said the president was right to take "a measured response" since, "when the ice breaks up, it can be very dan-gerous. You get a period of uncertainty when great philosophies and great empires break

The cold war, she added, was "not over, but it's thawing. I think one mustn't mistake the intention and the goodwill for the deed. It is easier to put political reforms in place than [with a multi-party system and the rule of law]. It will take at least the rest of the next

decade." In Washington a year ago, she had said. "We are not in a cold war now." Likewise, Mrs Thatcher played down talk of German reunification, which she described as "a border problem". Reunification was not on the agenda at the moment, she said. "The single top priority is to get democracy everywhere right across the continent. When you've got it, when it is re-established, firmly and irre-versibly, then you'll find you have a totally new situation. Then you can start to look at

various border problems."

Mrs Thatcher also chose to interpret the recent suggestions of big defence cuts made by Mr Dick Cheney, US Defence Secretary, in a more modest way than they have been seen in Washington. She did not believe he was asking for "serious cuts in defence spending immediately. He was thinking about a budget which started in 1991." However, cuts are likely to start to come into effect next October.

She felt sure that Mr Bush, Mr Cheney and Congress understand the importance of keeping a substantial presence in Europe." Like the president, she

stressed the importance of standing by both the Nato and Warsaw Pact structures. So she did not think Mr Gorba-chev was going "to bring about summit surprises" in that he also wanted such security.
"If you want really big changes in one direction, you must keep other things stable, which is why most of us say that the Nato and Warsaw Pact security arrangements must stay in place, while those big changes are being brought about."

EC ministers settle merger differences

By Lucy Kellaway in Brussels

THE FINAL draft of a European law on cross-border mergers is likely to be agreed by member countries by the end of the year, following progress made by the 12 industry ministers to settle their remaining differences.

The directive, under discussion for 16 years, would create a "one-stop" system for vetting big mergers, with Brussels looking at deals with a combined turnover of over Ecu5bn (£3.6bn), and national authorities examining smaller ones.

After Thursday's meeting, one obstacle remains on the question of whether national governments can re-examine a merger that has been passed by the Commission. The German government is isolated in wanting broad powers for its cartel office to

vet big mergers.

Other members, especially the UK, want the exit route kept as tight as possible. A compromise tabled last night, allowing a merger to be examined twice when narrowly defined local mar-kets were at stake, seemed acceptable to all countries except

Commission to probe satellite industry The European Commission has decided to investigate the poss

bility that illegal state aid is being paid to companies in the European satellite broadcasting industry, Tim Dickson reports

Scores of state aid investigations are carried out by the Commission's competition policy experts each year but only a few - such as the Renault case in France and the row over debt write-offs to the Finsider steel company in Italy - attract a high political profile. The rest are resolved either because the companies and countries involved quietly change their ways, or because the Commission is satisfied that there is no threat to competition It is understood that the Commission's action has been prompted by allegations that illegal payments have been made.

Iran/Contra case thrown out

A US judge yesterday threw out one of the criminal cases in the Iran-Contra affair, AP reports from Washington. Judge Claude Hilton dismissed the cover-up case against Mr Joseph Fernandez, former CIA station chief in Costa Rica, saying an affidavit from Mr Dick Thornburgh, US Attorney General, barring disclosure of certain classified information made it impossible to give Mr Fernandez a fair trial.

Mr Lawrence Walsh, the independent Iran-Contra counsel for the prosecutor in the arms-for-hostage deal, said he would appeal against the dismissal.

Ireland sets up Debt Office

The Irish government is to set up a special National Debt Office within the Ministry of Finance to oversee and manage the country's 1225bn (£23bn) debt, Kieran Cooke reports from Dublin. Mr Charles Haughey, the Irish Prime Minister, said the new office would be staffed by personnel experienced in debt management and operate "in accordance with the best modern practice in portfolio management". "The sheer size of the national debt lies at the root of our economic problems," he said. Ireland's debt servicing alone this year is expected to be more than 152bn, or 1540 per week for every worker in the country.

Surinam peace meeting

For the first time since a guerrilla war erupted three years ago. Mr Desi Bouterse, Surinam's army commander, and Mr Ronnie Brunswijk, the rebels' leader, have met to negotiate peace, AP reports from Paramaribo.

The privately-owned newspaper De Ware Tyd, citing military sources, said both leaders agreed peace was necessary because of the suffering and economic hardships caused by the conflict, which has killed an estimated 200 people, including civilians.

The paper said Mr Bouterse would submit a report of Thurs-

day's encounter to President Ramsewak Shankar. The rebels and the government agreed to end the war during a June meeting in French Guiana, but until now the army had rejected the terms of the agreement.

Dynamite found on Saudi airliner

Explosives have been discovered aboard a Saudi Arabian airliner after it made an emergency landing in Karachi, Reuter

The airliner was en route from Islamabad to Riyadh when authorities in the Pakistani capital received a telephone call warning of bombs aboard and ordered it to land at the southern port on Thursday night, they said.

The alreraft landed safely at Karachi's international airport and two sticks of dynamite were found in baggage, police said. Police said they had detained a number of passengers for interrogation but would not give further details.

Polish PM talks with Gorbachev at Kremlin

By Christopher Bobinski in Moscow

MR TADEUSZ Mazowiecki. Poland's Prime Minister, the first non-communist eastern European leader to enter the Kremlin for more than 40 years, yesterday met President Mikhail Gorbachev.

The meeting, as well as talks earlier in the day with Mr Nikolai Ryzhkov, the Soviet Prime Minister, signified Soviet acceptance of Poland's political evolution from Communist rule in the past six montos.

Mr Gorbachev was breaking a long tradition of allegiance to communist parties in the Soviet bloc. He talked for an hour and 40 minutes for an hour and 40 minutes for his private office with his Polish visitor, having told journalists beforehand: "It may appear strange but I want to wish suc-

strange but I want to wish success to the Polish Government and the Polish nation."

Mr Mazowiecki later described the meeting as "extremely frank and friendly", and a Polish spokesman said the two men had discussed the economic situation in Poland and the Soviet Union as well as developments in Germany and Mr Gorbachev's imminent meetings

in Germany and Mr Gorbachev's imminent meetings with President George Bush and Pope John Paul II.

The Polish PM's reception was in line with a statement by Mr Eduard Shevardnadze, Soviet Foreign Minister, to the Foreign Affairs Committee of the Supreme Soviet last week when he stressed that, for Moscow, "the main thing is stability in Poland. In this sense, the situation now is better than it used to be," he continued, openly admitting that the Communist Party in Poland had been unable lately

the Communist Party in Poland had been unable lately to guarantee Soviet interests in the country.

"Polish stability is a factor of Soviet national security and we shall help Poland to stabilise the situation at home," the minister went on

minister went on.

During the talks yesterday with Mr Byzhkov, the Poles, sitting gingerly on their seats in the ornate St Catherine's Hall of the Kremlin palace, were made to feel at home by a remark about chronic paper shortages making it hard to provide enough note pads for

the participants.

The Polish Premier's team,
many of whom were
little-known Solidarity supporters a few months ago, reported that Mr Ryzhkov had been "open and responsive". asked the Poles to support Soviet efforts to reform the unwieldy financial mechanisms of Comecon, the Sovietdominated international com-

munist trading group.

Poland and Hungary are the members most inclined to reform Comecon pricing, although both realise that a sharp switch to world prices would be expensive and favour the Soviet Union as a big supplier of oil and gas throughout

The Poles yesterday won assurances that, in 1991-1995, Soviet gas and oil supplies would remain at the levels of the present five-year period, and the visitors raised hopes that the 20 per cent increase in gas supplies Poland is asking for will be made available. Mr Mazowiecki is to travelthis Sunday to Katyn, the Soviet site of a World War II massacre of at least 4,500 Polish officers.

terday emerging from the shad-

ows of their doomed factory at Billancourt, just outside Paris,

around the little market square

behind the factory. Their calm-

ness is remarkable in view of the fact that they had heard, only a day earlier, that the

"Regie" was to phase out pro-

duction at its archaic and

badly situated assembly plant

there, the main part of the

huge Billancourt complex, with

the loss of just over 4,000 jobs

This brings to an end a cen-

tral symbol of both French

industrial pride and shame, the

birthulace of the country's car

industry, a centre of German

collaboration in the last war,

the leader of France's post-war

industrial revival, and the scene of some of the country's most violent industrial dis-

It is hard to believe that

such dramatic events took

place in and around this placid

square, long ago unofficially named Place Nationale by Ren-

ault's unions, in defiance of the

dull name it bears on all approved maps, Place Jules

Guesde. This is because every-

one knew in their hearts the

death blow was inevitable,

putes this century.

by early 1993.



An exultant Alexander Dubcek waves to the Wenceslas Square crowds

Vast crowds light new fire in Dubcek and Havel

By John Lloyd in Prague

THE BIGGEST, and perhaps the decisive, demonstration in a week of massive popular manifestations in Prague brought together yesterday on the balcony of the Swobodne Slovo (Free Word) newspaper two men who bracket the Czechoslovak opposition movement. Mr Alexander Dubcek led the Com-

mr Alexander Diboek led the Communist Party down a road of radical reform in 1968 — a road blocked in September of that year by Soviet tanks and Warsaw Pact soldiers. Yesterday he referred briefly to those searing days 21 years ago, reminding his audience in Wenceslas Square that the local police and soldiers then had stood with the people - and saying that they should

He appeared to be attempting to resurrect, from the heap of ordure under which it has been buried by the men who supplanted him, the idea of "socialism with a human face", with which his

brand of reformism was tagged.

Mr Dubcek is reported to have accepted in private conversations with accepted, in private conversations with his advisers over the past few months, that he is unlikely to play a front-rank political role in whatever regime succeeds the present one. But those surrounding him now see a man reenergised by the reception he received on Thursday night in Bratislava and before a much bigger crowd yesterday in Prague — and believe he may be tempted to move centrestage again.

But he, or any other leader who attempts to resurrect socialism, will find it hard to disentangle the ideals from a practice which is now being overwhelmingly rejected. Mr Dubcek is said to have in mind a cleansed Communist Party, perhaps under another name. But, in the view of many in opposition circles, it will take more than a

sition circles, it will take more than a change of name to win popular support.

Against that, however, is the undoubted fact that his stature both in Czechoslovakia and internationally has grown in recent years, as he has been allowed occasional interviews with foreign newspapers and television (includ-ing Hungarian state television) and as he has sought to identify his own Pra-gue Spring with President Mikhail Gor-bachev's glasnost and perestrolka. Following him on the balcony yester-

day was the man who, more than any other, has captured the affection of the young and not so young demonstrators in Wenceslas Square. The playwright Mr Vaclav Havel – after a decade of courageous opposition, spells in prison and international protest – now reaps an affectionate reward from those who, until recent weeks, had steered well clear of the activities of his Charter 77 movement, the vehicle of a hard core of

Now, expanded with other streams of the opposition movement into the Clvic Forum, Mr Havel is best placed to articulate the suppressed longing for freedom and the contempt for rulers which, it now seems, most of the nation now wishes to express.

He, too, briefly referred to his pedigree when he reminded the crowd in Wenceslas Square last night that the Charter 77 movement had called for a dialogue with the government for the past 13 years.

past 13 years. He is talked of as a future president he is taiked of as a ruture president of a pluralist Czechoslovakia — though he has shown no public desire for the role and has presented, until the last few days, an awkward and hesitant public face. However, in his speech last might, he was cheered after every sentence and his voice rang with confidence. He, too, may be tempted to leave the study and to play a larger role.

Italy's Communists plan new party of left

By John Wyles in Rome

AFTER a week of open and sometimes bitter public debate, the central committee of the Italian Communist Party yesterday agreed to jettison its residual communist wrappings, including the party's name,

and to launch a new party of the left during next year. Jubilant supporters of the party's leader. Mr Achille Occhetto, were last night cele-brating the first fruits of one of the most courageous gambles in modern Italian political his-tory. Under pressure of events tory. Under pressure of events in Eastern Europe and in less than a fortnight, Mr Occhetto has set Western Europe's larg-est Communist Party on an uncharted course which will steer towards either division and possible decline, or towards the chance of leading a social democratic alternative to 42 years of Christian Demo-crat-dominated coalitions.

Mr Occhetto still has to carry his proposal through a special party congress early next year but his chances look excellent after having secured a 219-73 vote in his favour, with 34 abstentions, yesterday. His opponents include the small hard-line neo-stalinist rump led by Mr Arnaldo Cossuta and the reformist-left led by Mr Pietro Ingrao, whose ambitions stop short of abandoning an intellectual tradition based on Marxist concepts together with the party's name and hammer and sickle sym-

Though this has been the objective of Mr Occhetto and the 35-50-year-old generation which supports him since he became leader in June 1988, he was forced into launching his unexpected initiative less than a fortnight ago. The fall of the Berlin Wall and the popular



rejection of Communist parties

across Eastern Europe con-vinced him that "Italian communists cannot indefinitely go on proclaiming their difference in the world, inside a proud isolation," as he told the cen-tral committee on Monday. The party commands about 27 party commands about 27 per cent of the popular vote but has been in steady electoral

decline this decade.

An opinion poll published at the beginning of this week suggested that six out of 10 Italians favoured a change of party name, with the propor-tion reaching 88 per cent in the 24-44 age group.

Mr Occhetto acknowledged yesterday that "there have

been differences of emphasis" even among his majority and that the task of refounding the party would be a difficult one. His aim is to find a modus vivendo with Mr Bettino Craxi's Socialists without whom no alternative coalition would be possible but who is firmly lodged in alliance with the Christian Democrats.

Ceausescu stands by socialism By Judy Dempsey

THE hard-line Romanian president and Communist Party leader, Mr Nicolae Ceausescu, has vowed to remain faithful to revolutionary socialism, even as Bucharest's

socialism, even as Bucharest's last remaining European allies fight for their political survival in Czechoslovakia.

During his closing speech yesterday to the Romanian party congress, at which he was unanimously re-elected leader, Mr Ceausesca tured like here on the reforms sweet. leader, Mr Ceausescu turned his back on the reforms sweep-ing eastern Europe and, in a defiant speech, declared "the country under the leadership of the party determined to con-tinue down the revolutionary path we have taken to assure the independence and sover-eignty of Romania." enty of Romania." The 3,200 delegates raptur-

ously applauded, shouting escui Ceausescui Earlier in the week, the delegates who, like marionettes, rose 130 times to applaud and chant in unison, had listened to a five-hour speech by the president, in which he criticpresident, in which he cruu-ised those socialist countries

which were going down the road towards capitalism.
Diplomats based in Romania yesterday concluded that the country would face even greater isolation over the next five years, and would continue to pursue economic policies which placed all decisions in the hands of the tight circle of officials around the leader.

There is little indication, meanwhile, of the future role of Mr Ion Stolan, who was moved this month from the foreign policy department of the party Central Committee

Lebanon elects Hrawi as new president By Lara Marlowe in Beirut

LEBANESE MPs elected Mr Elias Hrawi as the country's new president yesterday, quickly filling the gap left by the assassination of Mr René Moawad in an effort to keep alive an Arab League peace Mr Hrawi, a 59 year-old Mar-onite MP and businessman from the Christian town of

Zahle in the Bekaa valley, is Lebanon's 10th president. Mr Moawad was killed by a bomb in west Beirut on Wednesday.

The new man received the overwhelming majority of the votes cast at the Park Hotel in Chtaura, near Lebanon's eastern border with Syria. He immediately designated Dr Selim al-Ross - the choice of his murdered predecessor - as

prime minister.
Dr Hoss had travelled to Chtaura earlier in the evening so that he, the new president and Mr Hussein Husseini, Speaker of parliament, could decide on a cabinet. The new Government is

expected to relieve the Lehanese ChristianGeneral Michel Aoun of his functions as commander-in-chief of the Lebanese army. The three men felt it essential to avoid the delays which had crippled the 17 days which Mr Moawad served. Mr Hrawi had been one of two unsuccessful candidates in the ballot that elected Mr Moawad on November 5. Lebanon's new president was active in negotiating the accords drawn up at Taif in Saudi Arabia under the auspices of the Arab League and endorsed on Octo-

ber 22. Although he maintains good relations with Syria, he is also on excellent terms with many anti-Syrian Maronites. The funeral of Mr Moawad will take place this Saturday at the church of St John in his home town of Zghorta. The president's remains were taken in a 300-car cortege to Beirut airport yesterday morning. Some 5,000 people, many of them weeping, lined the path of the procession. The diplo-matic corps stood in tribute as the flag-draped coffin was

the flag-draped coffin was lifted into the hold of the Middle East Airlines jet that flew it to Qlaisat

From there, the casket was driven in a black hearse to Zghorta where 15,000 northern Lebanese displayed their grief at the loss of their native son by tearing their garments, sob-hing and heaping wreaths in front of the late president's

"Beirut, we sent you the esident and you killed him." one mourner cursed. "We hope Beirut will be destroyed."

The incremental destruction of Beirut had continued the night before, when dynamite exploded outside a Syrian intelligence post in the Rue Adonis, seriously wounding one civilian and breaking the windows of neighbouring buildings.

An increase in automatic weapons fire and shelling on the Souk al-Gharb front between Christian east Beirut and the Druze and Syrian-held Chouf added to the anxiety of those who feared a return to the city-wide artillery battles that preceded the ceasefire of September 23. • The Israeli Prime Minister

Mr Yitzhak Shamir - return-ing from a visit to the US, France and Italy - yesterday expressed regret at the assassi-nation of President Moawad and said it showed Israel had to be on guard against attack.

An island factory that symbolised French industry

William Dawkins looks at Renault's doomed Billancourt plant, to be closed after 91 years

Private-sector look for balance sheet

EARY resignation was on the faces of Renault workers yes-RENAULT, the French car maker, is to restructure its balance sheet, the latest attempt to organise itself along the lines of a private company within the limits of its state-owned status, writes William Dawkins in Paris.

into the bright lunchtime sun.

A small group of Algerians, clad in grimy blue overalls, chatted quietly as they played pool in one of the bars dotted status, writes William Dawkins in Paris.

It plans to use last year's record profits to help it write off FFr32.8m (£3.4m) of accumulated losses, the legacy of the European car industry's last crisis early this decade, against its shareholders' capital. The effect will be to reduce Renault's published capital from the present FFr16.5hm — which is gross of past losses — to a net FFr2.47bm.

This is purely an accounting management This is purely an accounting manoeuvre.

designed to bring Renault's published capital down more in line with the figure shown on the balance sheets of private industrial companies, explains one of the pool play-

ers, with a sad shrug.

The unions will now settle

down to negotiate their redun-

dancy packages, but this con-solation is not available to

local traders like Mr Momeaux

Vilmosse, the 45-year-old patron of Le Point Du Jour, the bar with the pool table so popular with Regie workers. He

has Renault in the blood: his

father worked there for 18

years. Now, he says, "We will have to sell and move some-

where else. No, I don't know where. We have known this

was coming for two years, so it

is not a surprise. But it is a

prised when Mr Raymond Lévy, Renault's chairman,

The reason no one was sur-

which usually publish their capital net of accumulated losses. It will simply make the balance sheet clearer and have no direct impact on Renault's borrowings or profits, said an offi-In detail, the new net capital figure is reached by writing off the FFr32.8 of losses against FFr16.5bn of shareholders' funds plus

FFr7.3bn of 1988 profits and FFr12bn of state capital injection, a total of FFr35.8bn. While the FFr12bn capital injection is being challenged by the European Commission as an infringement of EC state aid rules, that row has no direct link with the balance sheet change. If the FFr12bn had to be repaid, however, Renault's capital position would clearly become

broke the news, addressing the workers on a dozen TV screens scattered around the plant, was that Billancourt has for long stuck out like a sore thumb as an industrial nonsense. Visiting Japanese car executives have been known to dissolve in astonished laughter at the sight of this five-storey plant, perched on an island in the Seine, joined by only the slenderest bridge to the bankside complex that supplies all its needs

It is an extraordinary sight, like a giant beached cruiser, 1km long, its stained white walls rising sheer out of the river. The only way completed vehicles - 420 Express and Renault 5 Société light vans a day - can get out of the con-

gested plant is by barge. Incoming components have to be unloaded at Renault's premises on the bank - which will be turned into its head offices after the closure - because modern delivery trucks are just too big to make it through the bank side of the factory and over the bridge. Even though it is technically

outside the Paris boundary, the plant is surprisingly close to the heart of the city, whose arteries are increasingly clogged with traffic, making access dreadful. A London equivalent would be on the Thames somewhere like Wandsworth. So, however efficient the workers on the island, their plant can never be competitive. "This is not your

fault, for all the progress which could be made at Billancourt, you have made," Mr Lévy told them. Production will be shifted to

a more efficient plant in north-east France. Renault plans to demolish the island plant for some form of private development. This has not been decided, though Mr Georges Gorse, the local mayor, has spoken of a wide range of options from a golf range of options from a golf course, to a prison, offices, flats or a university.

If the logic has been there for so long, why do it now? Mr

Michel Rocard, the Prime Minister, insists his decision to sanction the closure was independent of the European Commission's ruling 10 days ago that Renault had not made enough production cuts to justify a controversial FFT12bm (£1.2bn) state debt-write off. Still, several officials privately admit this added a new reason to act on a decision that had been held off because of the bicentenary celebrations and then delayed again by a recent strike at Peugeot.

It must rank as one of Europe's historic industrial symbols. Production began in the island in 1898, under Louis Renault, who put together his first prototype in a shed, preserved today as a museum on the bank side of the complex. After serious strikes in its early years, the company became in 1917 the first in mission's ruling 10 days ago that Renault had not made

France to sign an accord with rtance to sign an accord with officially accepted workers' delegates, which might have attracted the future Chinese leader, Deng Xiaoping, to work there for two months in 1925.

During the last war, the factory was used for repairing West German tanks, a move which cost Louis Repartly his West German tanks, a move which cost Louis Renault his life. Arrested and accused of collaboration in 1944, he died in prison a year later, following which the group was nationalised by General de Gaulle Later, de Gaulle said of the plant: "When Billancourt counts France catches a cold." coughs, France catches a cold." What would he have said

FINANCIAL TIMES

Further intimidation and deaths mar Indian election

By K K Sharma in New Delhi

AT LEAST 15 more people were killed in the second day of polling yesterday in India's general election, taking the total toll in the first two days

Most of the deaths yesterday took place in the northern states of Uttar Pradesh and Bihar, in the key Hindi heart-land, where there were also reports of violence and intimidation of voters.

In the same area on Wednes-day, there occurred bitter clashes between the ruling Congress Partyand Janata Dal Supporters
Firearms were said to have

been openly displayed to intimidate voters and shots were fired in many constituencies, including Fatehpur where Mr Arun Nehru, cousin of Mr Rajiv Gandhi, India's Prime Minister, is standing for the

opposition Janata Dal. As on Wednesday, com-plaints of election rigging were made in Uttar Pradesh and Bihar. Opposition spokesmen said they had complained to

the Election Commission of unfair practices such as "booth capturing" and the stuffing of ballot boxes. The commission has ordered fresh polling in some areas where the complaints have

been confirmed, and hopes to complete this by Sunday, the last day of the election. So far, new voting has been ordered at 930 polling stations but many more complaints remain to be investigated. No decision has yet been

taken on whether there should be new voting in the entire constituency of Amethi in Uttar Pradesh, where the

lenged by Mr Rajmohan Gandhi, a grandson of Mahatma Gandhi and a nominee of the Janata Dal.

A team sent by the commis-sion to inquire into allegations of rigging by Congress workers in Amethi reached the constit-uency yesterday afternoon. Its report must be made available this Saturday if the commis-sion is to decide on a new vote in Amethi on Sunday.

Counting of votes is to begin on Sunday morning, while much of the country is still voting, except for the north-eastern state of Assam where the election will be held in Jan-

The final official results are expected to take three days to announce, but some indication of the outcome is expected by Sunday evening from random

Shamir sticks to peace plan

THE Israeli Prime Minister, Mr. Yitzhak Shamir, returned home yesterday unmoved by the critical reception he received during a ten-day tour of the US, France and Italy. Speaking to reporters at

Ben-Gurion airport, Mr Shamir made clear that he had no intention of amending his Middle East peace plan to accommodate US reservations, or to tempt the Palestinians and their Egyptian patrons to attend a preliminary confer-

He insisted that Israel would not negotiate with the Pales-tine Liberation Organisation, nor allow Palestinians living outside the occupied West Bank and Gaza Strip to take part in negotiations or elec-

Having acknowledged that there had been differences of opinion with the US administhat both President George Bush and Mr James Baker, US Secretary of State, had ultimately agreed to "a continua-tion of the same policy of close friendship and close co-opera-tion." In particular, the US had undertaken not to press Israel to talk to the PLO.

Asked about reports that Mr Bush had accepted a message from Mr Yasser Arafat, the organisation's leader, the prime minister said he knew nothing about them. As for French and Italian support for the PLO, he dismissed that as familiar stuff. "The position of our friends in the European countries was not surprising. We have known it for some time." he said.

The Israeli initiative, launched last May, remained the only plan on the interna-tional agenda. The Americans, Mr Shamir said, agreed that a "concentration of effort" was needed to push it forward. "We still think that there are many chances for implementing our peace initiative and making it

A reality."

Asked whether Israel planned any further steps to expedite the process, he said:
"For such negotiations, you need at least two parties. It does not depend only on our readiness and willingness. We have expressed our full readiness and full interest for exacting a real process of starting a real process of

peace.
A commentator using the pen-name Poless in the liberal newspaper Ha'aretz wrote yesterday: "The peace process remains frozen. That is the only achievement Shamir can be proud of." His Labour Party partners in government should now ask themselves "how long they are willing to comply with this paralysis" by staying in the national unity coalition.

Salvador's embattled president puts his faith in the military

The Arena government is being squeezed between left-wing guerrillas and right-wing death squads, reports Tim Coone

PRESIDENT Alfredo Cristiani of El Salvador was able to put a brave face on his current political and military crisis until he held a news conference last weekend. As it drew to a close, someone
- probably a US television cameraman - muttered loudly: That's one turkey that won't make Thanksgiving. Mr Cristiani understands

English very well. On Thanksgiving Day itself, Thursday, another presidential news conference, held in the army headquarters in the capital San Salvador, was thrown into panic when left-wing FMLN guerrillas attacked just as the president began to speak. They were beaten off but the president

looked shaken. His government has firmly rejected guerrilla offers of a ceasefire, arguing that the guerrilla offensive launched two weeks ago had been "a

total failure."
Yesterday, the headquarters of the Third Infantry Brigade in the strategic eastern city of San Miguel was reported to be under attack. If San Miguel were to fall to the FMLN, the entire eastern part of the country would pass into guerrilla hands.

Mr Cristiani has reason to appear shaken. The challenges he faces are not only the political and military ones from the left. Within Arena, his own right-wing party, the moderate wing which he represents is being pushed



shaken by attack

aside. The right-wing death squads are again acting with impunity and there is frustration and impatience in the armed forces over the pace of the Government's counter-offensive, if one can be

said to exist. The right wing is itching to be given free rein to attack the guerrillas, their supporters and even moderate opponents of the Government, applying the maxim "you are either with us or against us." Western diplomats are asking whether Mr Cristiani has lost control of the far right in his party, the Government and armed forces. By insisting on negotiating with the FMLN from a position of military superiority, and by rejecting all current efforts to

isolating themselves both nationally and internationally. The Christian Democrats and Social Democrats, the two main opposition forces in El Salvador aside from the FMLN, are both calling for a ceasefire. The Vatican and the European Community are calling for a

negotiated solution. But Arena is making no effort to explore possible other political parties.

Arena and the Government are

The dilemma of the right wing is that, in its view, a ceasefire and negotiations with the FMLN would give the guerrillas a chance to re-group, re-arm and prepare another offensive. Whether such an offensive materialises or not, for Arena this signifies a weakening of its power. Hence the idea is that the army must pursue a sustained counter-offensive to break the backbone of the FMLN and force it to negotiate from a position of weakness.

Mr Cristiani seems to have accepted this analysis as his only way to ensure the loyalty of the right wing and the bulk of the armed forces. The real danger, though, is that the right wing may have much overestimated its own strength, for it is the guarrillas who continue to strike at will while the army is fully stretched and parts of it could begin to crumble before another all-out offensive by the

Japanese offer \$150m for Polish aid fund

By Stefan Wagstyl in Tokyo

JAPAN yesterday pledged financial support for Poland including \$150m in low-interest loans to a \$1bn international fund being established by

Possible new trade and investment credits and a contribution to a multi-national food aid plan were also contained in a package announced by Mrs Mayumi Moriyama, Chief Cabinet Secretary.

She promised to consider giving Poland and Hungary help with technical co-operation, business management and anti-pollution measures.

The scale of the contribution

to a part of the world with which Japan has had little con-tact reflects Japan's wish to

play a more active role in global affairs.

Mr Kenzo Oshima, director of the aid policy division at the Japanese Foreign Ministry, said Japan was a power with said Japan was a power with interests in every part of the world. Events in eastern Europe were a question of values and principles which concerned Japan. Eastern Europe was remote, in comparison with China or Korea, but Japan was making an appropriate contribution to western

dapan was making an appropri-ate contribution to western Governments' efforts, he said. Mrs Moriyama said the suc-cess of economic reforms in Poland and Hungary was indis-pensable for stabilising Europe and East-West relations, and had consequences for the sta-bility in the Asia-Pacific

region.

Japan's planned loan to the multi-national fund to support Polish reforms will be made on the plant of the plant condition that Poland reaches an agreement with the Interna-tional Monetary Fund – a pre-requisite for the whole scheme. Japan's contribution is com-

pared with a \$200m grant pledged by the US, \$200m in loans from West Germany, and \$140m in loans and grants from

loans through the Japan Export-Import Bank, and the resumption of trade and invest-ment insurance, will be consid-ered favourably on condition that agreement is reached with Poland on the repayment of arrears of about \$1bn on previ-ous government-backed credits suspended in 1981. Japan also said it would consider making additional Exim bank credits to Hungary, if requested

Toyota ASEAN import deal By Robert Thomson

TOYOTA, the Japanese automaker, is to import engine cylinder blocks from Indonesia for commercial vans to be made in Japan, so as to broaden its manufacturing in ASEAN countries.

The decision will mean the closure of a machine line at the company's Kamigo plant in Japan and is tied to an agree-ment with Jakarta-based P.T. Toyota-Astra Motor to increase production of engines at an existing factory.

existing factory.

Toyota will benefit from a plan launched by ASEAN countries in October last year, providing for tariff concessions on parts produced in member countries and exported to other member countries for automobile production.

A Toyota spokesman said:

"There will hopefully be more and more localisation" in ASEAN countries. The company already imports cylinder blocks from Australia and plans to import engines from its Kentucky plant in the US from 1992.

About 50,000 to 60,000 blocks will be imported annually after 1990, and used in Liteace com-

The Honduran public is sick of the contra issue. This mani-fested itself recently in a wave

of anti-Americanism. Indeed, the pre-eminence of the contra

issue – and the neglect of the economy, growing poverty and class conflict in recent years –

have made the latter matters the main political issues for

the Honduran public. In

response, both main parties

UK NEWS



Mrs Chizu Nakajima: bringing the world of Japanese studies to sixth formers at Westminster School, London

Pupils discover lure of the East

David Thomas on growing interest in breaking stereotypes of Japan

IRITSU, says Perry, as Mrs Chizu Nakajima walks into the class-room at Westminster, one of Britain's leading public schools, and the seven pupils duly stand up.

"Rei," Perry, one of the pupils, adds and Westminster's

newest sixth-form set bows.

Mrs Nakajima bows back.

"Chakuseki," orders Perry
and the class sits down — completing the little ritual that would begin any lesson in a Japanese school.

With the opening ceremony out of the way, Mrs Nakajima starts her lesson on Japanese society, chatting easily to the sixth-formers who this term became the first pupils at Westminster to study Japa-

Westminster is not alone. There is an upsurge in interest about Japan in British schools at the moment - although, admittedly, from a very low

Mrs Nakajima knows how ignorant the British are about her country, since she was edu-cated at the Perse girls school in Cambridge in the 1970s, which explains her flawless, cut glass English diction.

As a Japanese girl in an English school, she remembers being viewed as "someone from outer space." The geograhy lessons stopped at Hong Kong, while the history teacher just about mentioned China.

Pressure for **EC** monetary union talks

By Ivor Owen. Parliamentary

resisted

Correspondent BRITAIN will resist pressure by other members of the Euro-pean Community for an early conference on speeding prog-ress towards economic and monetary union, Mr Douglas Hurd, the Foreign Secretary, indicated in the Commons yes-

terday. He reaffirmed the Government's willingness to consider all the options at next month's EC summit in Strasbourg, but insisted that a special inter-governmental conference would require "full and adequate preparation."

Mr Hurd, speaking in the resumed debate on the Queen's Speech, declared the British innocent of the charge of being

"half-hearted Europeans."
To government cheers, he said: "We plead guilty to the charge of working and arguing for a liberal and open Europe But that is not a crime - it is

a necessity."
Mr Tom King, the Defence Secretary, rejected charges from the Opposition benches that Mrs Margaret Thatcher, the Prime Minister, was out of touch with reality, with the result that Britain had become increasingly isolated in the EC and in Nato.

He criticised Mr Gerald Kaufman, Labour's shadow Foreign Secretary, Like Mr Denis Healey, his predecessor, Mr Kaufman accused Mrs Thatcher of being as dictato-rial as Mr Nicolae Ceausescu, Romania's old-guard Commu-nist leader. Mr King said if Mr Kaufman found himself in a minority he would "Immediately give in."

Mr Hurd again highlighted the way in which Britain was setting the pace in preparing for the establishment of the single European market in

Dealing with wider issues, Mr Hurd endorsed the judgment of his two immediate predecessors, Sir Geoffrey Howe and Mr John Major, that Hong Kong's difficulties over the Vietnamese boat people who were not entitled to refugee status could only be dealt with by enforced repatri-

The debate on the Queen's Speech will be resumed on Mrs Nakajima recently gave up her stockbroking job in order to have a baby; she had been with Cazenove, selling UK equities to Japanese insti-tutions. She welcomed the chance to help Westminster with its course because she believes Japanese people should do more to break down stereotypes about their coun-

westminster, for its part, recognised about two years ago that many of its pupils would have to deal with Japanese companies in some form in adult life - a large proportion of ex-pupils land up in the

City, for example. Mr Ski Paraskos, the school's head of economics, and Mr Neil Mackay, its development direc-tor, hunted round for a suitable syllabus until they discovered a new certificate being developed by Cambridge University's examination board.

The attraction of the certifi-

cate, which will have its first examination next summer, is that it balances learning the language with study of Japan's economy and society.

Mr Jack Robertson, who developed the syllabus for the examining board, said he was surprised by the number of schools that have shown an

interest in it. A few years ago, you could have counted on two hands the number of British schools

Language Association in January found 27 UK schools teaching the language - 19 state schools and eight independent. Mrs Joyce Jenkins, the associa-tion's secretary, says there has been a noticeable increase since then in schools contact-

ing her about starting a course. The acknowledged pioneers were Manchester Grammar School and Bury St Edmunds County Upper School, which began teaching Japanese in 1970 under the influence of Mrs Mary-Grace Browning, a chemist who had lived in Japan. Mrs Browning now has more than 30 pupils studying Japanese at her comprehensive school in Bury St Edmunds, Suffolk.

P artly as a result of the wave of Japanese inward investment, more schools have started offering Japanese during the past couple of years. Areas of Britain with obvious economic links - such as Derbyshire, home to Toyota's new plant, and South Wales, with its concentration of Japanese electronics factories - have shown an interest in introducing Jap-

anese to their schools.

An initiative under way at Marlborough College, another leading public school, might help to solve the chronic shortage of teachers of Japanese.
According to the Japanese Language Association, there is only one person in Britain who has a degree in Japanese and Mr Gerald Groffman, Marl-borough's head of oriental studies, has called a meeting -which he hopes will be attended by a dozen schools to discuss plans for a "schools

Japanese project."
Under his plans, existing teachers would spend a year in the Japanese department at Sheffield University, returning to teach the subject at their school. A Marlborough teacher has started teaching Japanese this term after completing a year at Sheffield.

The plan is modelled on a similar scheme that Mr Groffman pioneered for Arabic in 1983, which has resulted in Arabic being introduced into 26 schools, including Marlbor-

"It is a very efficient formula for introducing oriental lan-guages into schools," Mr Groffman said, although he adds that it would be necessary to attract business sponsorship to spread the scheme significantiy among state schools.

Meanwhile, Mrs Nakajima
completes her lesson at West-

schools. "Arigato gozaimasu." the class says, bowing as she leaves the room, because it is traditional for Japanese pupils always to thank their teacher for the lesson — a tradition which some British teachers

minster, which this week is

about discipline in Japanese

Judge defers decision on jail for journalist in contempt case

By Raymond Hughes, Law Courts Correspondent

A HIGH Court judge yesterday deferred his decision whether to jail a journalist for disobey-ing a court order to surrender notes that could identify the person who gave him confiden-tial information about a com-

pany's business plan. Mr Justice Hoffmann said he would wait until the Court of Appeal had ruled on Mr William Goodwin's appeal against the order. The information is believed to have been stolen from the company's offices. Mr Justice Hoffmann, who has ordered that the privately

owned company must not be identified, held on Wednesday that it was in the interests of justice that Mr Goodwin, a journalist on The Engineer magazine, should disclose to the company his notes of a telephone conversation with

his source. He ordered Mr Goodwin to

hand the notes over by 3pm on Thursday. The Court of Appeal later said that Mr Goodwin should give the notes to the court in a sealed envelope, to be opened only if his appeal failed. Mr Goodwin did not do so

and yesterday his counsel acknowledged that he was in contempt of court and liable to be jailed. The company urged the judge to impose an immediate penalty but to suspend it until

after the appeal next Wednes-day. Mr Justice Hoffmann said it would be more appropriate to wait until after the appeal. The judge said it had been widely suggested in the media that the case involved a conflict between the private com-mercial interests of the company and the public interest in the freedom of the press.
"That is not so. The conflict is between two public interests, both of which are very important: the free availability of information and the fair

administration of justice."
Which should take priority
was a matter for Parliament, which had said that, while the confidentiality of journalists' sources was very important, other public interests, including the interests of justice.

should take priority. "In deciding this case I have not applied any view of my own about whether one public interest is more important than another. I have applied the law laid down by Parliament because it is my duty as a judge to apply that law and Mr Goodwin's duty to obey it." He said that he hoped that, pending the appeal, "Mr Good-win and his supporters will take the opportunity to reflect upon their moral position."

Hinkley inspector rejects withdrawal plea By David Green

MR Michael Barnes, QC, the inspector hearing the Hinkley Point C nuclear power station inquiry, yesterday rejected requests to put pressure on the Central Electricity Generating Board to withdraw its applica-tion. He said the decision to proceed was a matter for the

Opponents claimed there was no justification for continuing with the application after a government decision to halt nuclear expansion pending a policy review.

The CEGB decided not to

withdraw its application because it wants to establish an option for the new state nuclear power company in case the industry is expanded after the review.

Mr John Popham, for the Friends of the Earth environ-ment group, claimed at the inquiry yesterday that the board's position was untenable and unreasonable.

Even if the Hinkley plan were approved after the gov-ernment review, the issue

would be so contentious that another inquiry was inevitable, he said. Mr Crispin Aubrey, for Stop Hinkley Expansion, the regional opposition group, said the Government had deliberately and consciously removed the need for the power station in Somerset and the CEGB was now adopting the role of specu-

The Government had gone as far as it could in indicating that the board should withdraw its application, but that was being ignored, said Mr

Lord Melchett, executive

Aubrev.

director of Greenpeace, the environment pressure group, called in a letter to the inquiry for the rejection of the CEGB's request to proceed and for the abandonment of the hearing.

Mr Barnes said it would be wrong for an inquiry inspector

to put pressure on an applicant to hear submissions from objectors next week on the implications of the government statement.

Lord Silsoe, QC, for the CEGB, said it did not intend either to withdraw the application or to recall any of its wit-

Cyclical indicators show economic decline

year ahead, took a fall in Octo-

By Patrick Harverson, Economics Staff

CYCLICAL indicators published yesterday by the Central Statistical Office provide fresh evidence that UK economic activity is continuing its steady decline from the peak of August last

The statistics show that the longer leading index, which is intended to show up turning points in economic activity one

The fall, which followed an unexpected rise in September, was attributed to a number of factors: the increase in interest rates to 15 per cent in early October, the decline in share prices during the month and the fall in housing starts and the steady rise in the corpo-

rate-sector deficit.

The CSO said there was little change in the shorter leading index, which looks six months

However, the coincident index, which gives an indication of the current state of the business cycle, continued to fall after further slowing of retail sales and an increase in the number of companies working below full capacity.

Battle for the Honduran hot seat

Tim Coone reports on tomorrow's presidential elections

WHICHEVER of the two principal candidates succeeds in the presidential and congressional elections in Honduras this Sunday, he will face big foreign policy changes, even before he takes office on

The country's new leader for

the next four years will inherit problems with neighbouring El Salvador and Nicaragua. Honduras signed an agreement in August with Nicaragua that the 12,000-strong Nicaraguan rebel contra force, based on Honduran territory.

January 27.

would be demobilised by December 5. The outgoing Government of President José Azcona is now saying it will not expel the contras by force, due mainly to the reluctance of the Honduran army to bloody itself in a con-

flict it helped create. In response, Nicaragua is threatening to renew litigation for damages in the International Court of Justice in the Hague, which could cost Honduras billions of dollars in compensation and affect foreign aid from western Europe.

vo.

Also, Nicaragua may now decide to attack the contras' Honduran base camps directly. What's more, a crisis is brewing in neighbouring El Salvador, following the launch of a national offensive by leftving guerrillas a fortnight ago. The Government there faces an onelaught after its rejection of the guerrillas' ceasefire proposal on Thursday. If the Salvadorean adminis-

tration were topoled or the US to decide to intervene, Honduras would be dragged into the conflict because of the growing US military presence there. So, a crisis could be well advanced before the new man dons the Honduran presiden-

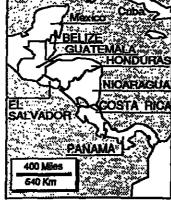
Mr Carlos Flores Facusse, candidate for the ruling Liberal Party, and Mr Rafael Callejas of the opposition's National Party, have not made foreign policy prominent in the cam-Mr Flores has said this year,

There is probably not much

difference between us. The Lib-

erals will put slightly more emphasis on social welfare pro-

tial sash.



grammes and the role of the state in the economy, whereas the Nationals will put slightly more emphasis on the role of

the private sector. The electoral platforms of the two parties reflect these small differences of emphasis. Apart from both making electoral pledges to continue with the essential peace pro-cess initiated under Mr Azcona, foreign policy is barely mentioned. This is why:

have moved left towards the centre during the past four There is a political consensus that the contras must leave Honduras; the question is how. Neither candidate is offering a solution. As Minister of the Presidency and political adviser to President Suazo from 1982 to 1984, Mr Flores is

presidential candidate in 1985, told incredulous foreign journalists: "I have never seen any Contras in Honduras." It would seem that blindness and complacency at that time are about to come back and haunt the candidates.

in part responsible for the

establishment of contra camps

in Honduras. Mr Callejas, as

tomorrow at the many shops in England and Wales that ignore the Sunday trading regulations by opening. Among them will be B&Q shops, the do-it-your-self chain at the centre of the latest Sunday trading row.

It would have been hard to

imagine, before Thursday's rul-ing on the subject by the Euro-pean Court in Luxembourg, how the muddle over Sunday shopping could have been

made worse.

Yet that ruling managed to intensify the battle over the whole, emotive issue of whether people should be allowed to shop on Sunday. Each side claimed the ruling as a victory.

The argument centres on the Shops Act 1950, which governs shops opening hours and what they can sell. Under the act, it is legal to buy a "girlie" magazine on a Sunday but not a

The law is widely ignored and patchily enforced. If a shop is prosecuted it can be fined a maximum of £1,000 for each Sunday. The law does not

apply in Scotland.
Anomalies are rife. Hamley's the toy shop in Regent Street, London, has been threatened by Westminster Council with an injunction. Yet the same council has just decided to suspend normal weekday shop closing times, governed by the same act, in the run-up to Christmas. Mr Alan Chesterfield, gen-

eral manager of Hamley's, says that, having worked in his office last Sunday, when the

Maggie Urry assesses the impact of the European Court ruling on shops' opening hours

shop was closed, he emerged to see tourists five or six deep gazing through the windows. Mr Chesterfield hates to think of the business he is losing by not being able to open.

Hamley's is seeking permission for the shop to be designated as the shop to be designated.

sion for the snop to be desig-nated a tourist area so that — under the Shops Act — it could open for 18 Sundays a year.

The European Court had been asked to decide whether the Shops Act breached Article 30 of the Treaty of Rome, which laid the foundations of the European Community.

the European Community.
Article 30 prohibits laws which constitute a restraint on trade in the EC. B&Q raised the idea that the Shops Act might restrain trade in its defence to a prosecution by Torfaen Borough Council, in South Wales, after B&Q opened its Cwmbran shop on a Sun-

The magistrates, no doubt relieved to get rid of a thorny question, referred the argument to the European Court.



Sunday trading has led to raised voices and blood pressures

This week's ruling put the question firmly back in the magistrates' court.

It said the Shops Act did not constitute a breach of the treaty unless the effect of the ban proved more restrictive than was necessary to achieve the economic and social policy underlying the law. It was up to the national courts to decide

to the bational courts to decide if the act was over-restrictive. Sunday shopping is an issue that raises voices and blood pressures on both sides. A fierce battle has raged for years, with neither side making more than temporary advances. The pro lobby won some ground in 1986 when a bill was introduced into Parliament which would have freed. ment which would have freed Sunday shopping. Almost immediately the anti lobby regained territory when the bill was defeated.

On one side of the argument are those shops and shoppers which want to do business together on Sundays. They argue that Sunday opening

works well in Scotland with shops opening only where they are wanted. "If anything, the Scots are more God-fearing than the English," says one retailer. "We would not open in Stornoway." That is a town in Lewis, in the Outer Hebrides, where the strictly Sabbatarian Free Church holds sway.

On the other side is an alli-

On the other side is an alliance of interests, including religious groups, Usdaw - the union representing shopwork-ers - and shops ranging from Marks and Spencer to the thou-sands of small, independent retailers that do not want to open on Sunday.

They argue that shops which want to open on Sunday are trying to exploit their workers and are motivated by "plain greed." These shops, the anti-lobby argues, want to steal trade from competitors that do not open.

Those in favour believe that people who want to shop on Sundays should be allowed to; many enjoy doing so and no one is forced to. "Why should they be denied the fundamental human right to spend money?" argues one. Shopkeep-ers who do open on Sunday say that none of their workers are forced to come in and that many welcome the extra earn-

ings.

Those against want to Keep Sunday Special, as the leading anti-lobby group calls itself. People living near the large do-it-yourself shops — one of the main groups to continue to open in spite of the law — complain of noise, too many cars and litter.

plain of noise, too many cars and litter.

Mr Sean Galvin, of Usdaw, says: "Do people want to live in a world that does not slow down for one day?" He believes that if some shops open then others will be forced to follow suit and sales staff will have to work on Sundays. work on Sundays.

While one side is continuing to press for reform of the Shops Act, the other will now be calling for greater enforce-ment of the law.

give voice to breakaway union By Flona Thompson, Labour Staff five trade unions representing ers because it excludes APAP. MR Kenneth Clarke, Health

BAe offers reduction in

working week to strikers

further on Monday.

The BAe offer is a further

boost to the campaign, which

started four weeks ago. A 37hour week has been agreed at NEI-Parsons in Newcastle-up-on-Tyne to avert a strike, and

was offered by Smiths Indus-

tries in Cheltenham.

BAe at Chester said the offer

did not apply to white-collar staff, who work a 37% hour

week and are nearly all still at

work. The manual employees at the three plants work 39

If the BAe offer led to a

return to work at its three plants, the incentive for other

engineering companies to agree similar hours reductions tied to productivity improve-

ments would be increased.

The BAe offer was made

simultaneously by managers at the three plants to union offi-cials. BAe said it had been

prompted to make an offer by the declaration of the Engi-

neering Employers' Federation that joint bargaining was at an

New ambulance pay body will

Secretary, last night announced that the Depart-ment of Health is to set up a

By John Gapper, Labour Editor

yesterday fell into line with two other engineering compa-nies hit by an industrial action

campaign for a 35-hour work-

ing week by offering to reduce the working week of striking manual workers at three

The offer was made on condi-

tion that strikers at its Pres-ton, Chester and Kingston-up-

on-Thames plants returned to work for detailed negotiations

on a staged reduction that would lead to a 37-hour week

The offer was welcomed by leaders of the Confederation of

Shiphuilding and Engineering Unions, which is co-ordinating

the industrial action campaign.

the industrial action campaign. It has now spread to five plants, including the three owned by BAe.

But Mr Gavin Laird, general secretary of the Amalgamated Engineering Union, told the company the strike could not be called off before an agreement was reached. Leaders of the CSEU will discuss the offer

plants to 37 hours.

by December 1992.

AEROSPACE

new ambulance pay negotiating body.

Under the body, management will negotiate with the Association of Professional Ambulance Personnel, the breakaway union formed in 1981 after the 1979/80 health service unions' dispute.

The move is bound to anger

the country's 22,500 ambulance workers who have been taking industrial action for 10 weeks

industrial action for 10 weeks now over a rejected 6.5 per cent pay offer.

The new body will run in parallel with the present Whitley Council ambulance negotiating body, which Mr Clarke said had never been fully representative of ambulance work-

Mr Clarke said he was set-ting up the new body because the Whitley Council had not met once throughout the 10 weeks of the pay dispute.

The Department of Health last night refused to say whether any agreement reached with APAP might be imposed on all ambulance

Mr Roger Poole, the chief trade union negotiator, said it was an "incredible diversion" for Mr Clarke to meet an organisation that had no loy-alty among Britain's ambu-lance staff. He said APAP had fewer than 2,000 members, not the

4,000 claimed by Mr Clarke. Mr Poole has been asked to formally reply to the proposal by next Friday. Leaders of the

At Chester, where wings for

the European Airbus are made, managers set a deadline of

next Wednesday for the offer to be accepted. They warned of escalating lay-offs at other BAe plants if the offer was not

In a letter to union leaders, Mr Sean Dyke, general man-ager at Chester said the dis-

pute had to be resolved quickly

in order to stop an rapid increase in the number of lay-

offs from the current 66 at

offs from the current so at BAe's plant in Filton, Bristol. Indefinite strikes by manual workers are taking place at the three BAe plants, a Rolls-Royce plant in Hillington, Glasgow and at Smiths Industries. The BAe offer will put pressure on Rolls-Royce to make a similar resture.

gesture.

BAe talked of "the equivalent of a 37-hour week" being agreed provided that productivity improvements made it self-financing. It said the counting of hours over a period

counting of hours over a period of two weeks or longer might

ambulance staff will discuss it early next week. The effects of the dispute were being felt across the country yesterday. Police were answering emer-gency calls in Derbyshire after

gency calls in Derbyshire after crews were suspended and in Shropshire, Staffordshire, Warwickshire, Hereford and Worcestershire, non-emergency staff were told 25 per cent of their pay would be deducted from Monday if they refused to do non-urgent work.

The director of the Scottish Ambulance Service has said that from 7am on Monday, all non-urgent staff will have their

non-urgent staff will have their pay docked for refusing to work normally. The 999 staff, officers and control assistants were excluded from the dock-

concludes deal on pay

LAND ROVER has reached a 10-month pay deal with its wage rates by up to 15 per cent. The deal includes a 6.9 per cent increase in the pay bill, along with the consolida-

tion of bonuses. Next November, Land Rover workers will start negotiating pay jointly with workers in other parts of the Rover Group. The deal, which was accepted in a ballot by 3,653 to

accepted in a radiot by 3,603 to 1,643, is intended to harmonise pay structures.

The company said the pay deal would raise the basic weekly pay of the biggest group of production workers from £166.05 to £184.20. However, the said of ever, about £11 of this would come from the consolidation of

a production bonus. Under the deal, which coincides with the second stage of a two-year pay deal for Rover car workers, Land Rover workers will be paid a £7.50 a week

productivity bonus, and a quality bonus of £4 a week. The company has also bought out a longstanding attendance allowance by giving workers two lump sum payments of £165 and £250, and made the eligible to take part in a Rover profit-sharing bonus scheme.

Meanwhile, production at Ford's Dagenham plant was halted by an unofficial stop-page by 4,000 manual workers.

NUT elects deputy with support of left

Ms Mary Hufford, a candidate with hard left support, has been elected deputy general secretary of the National Union of Teachers, in a sur-prise result which could embarrass the union's moder-

Ms Hufford, a teacher from Leicester, will have to work closely with Mr Doug McAvoy, the NUT's new general secre-tary, who has been keen to bury the union's reputation for militancy.
Mr McAvoy was last night

trying to downplay the significance of the result: "Mary Hufford will join a very experi-enced team of headquarters officials who are all committed to promoting the union in the manner and with the approach on which I was elected," he

Police warning

THE Police Federation, which represents ranks up to chief inspector, yesterday warned of growing unrest in the force at a time of increasing interference by the Government and the Home Secretary in its negotiating machinery.

Land Rover | Lecturers back strike action over pay offer

By David Thomas, Education Correspondent

voted for strike action and an exam boycott in their pay and productivity dispute with local

authority employers. However, Natihe, the college lecturers' union, is due to meet today to consider the employers' plea to suspend further action until after December 11, when the employers have

offered to re-open negotiations. The 55,000 lecturers in further education colleges and adult education institutes have been offered 5.3 per cent tied to productivity conditions for a settlement due last April. However, the local authority

employers have acknowledged that the pay offer would need to be increased in the light of recent settlements. On a 52.6 per cent turnout,

18,092 lecturers (63 per cent of those voting) backed strike action and 18,916 (65 per cent) supported a ban on exam marking and continuous

Natfhe said yesterday that a alrest one-day strike would be held cott.

FURTHER education lecturers on December 7, every college in more than 400 colleges have would be given authority to hold local strike action and the exam and assessment ban would be introduced on December 11 - unless the union accepts the employers' request for a suspension of action pending further talks.

The sector offers a large number of vocational courses to students, many of whom are sponsored by their employers to attend college part-time. Natifie estimates that some 3m students pass through the sector each year.

Natibe's members in the sector have already held a one-day strike in October. Mr Geoff Woolf, Natibe gen-

eral secretary, said the ballot results demonstrated his members's anger at the employers' offer, which he described as 'insulting".

Separately, Natfle is in the middle of complex pay and pro-ductivity negotiations affecting 23,000 lecturers in the polytech-nic sector, where the union has already called an exam boy-

Engineering companies extend incentive schemes

By Our Labour Editor ABOUT a quarter of south-east

engineering companies have introduced performance appraisal schemes for their manual workers, a survey has found. The result indicates the growth of merit schemes even in traditional industries.
The survey of 202 engineering companies found that most

were still operating traditional incentive schemes such as piecework as attendance bonuses. although a fifth were considering innovations because of pro-

The Engineering Employers London Association, which carried out the survey, said the proportion of companies that used standard incentive schemes was surprisingly high. It had expected more to have changed payment structures.

the association had expected. Mr Brian Young, association assistant director, said one sur-

prising finding had been that about 17 per cent of companies were still paying attendance bonuses, which grew last decade in the era of pay tional incentive schemes. A belief that an existing scheme had outlived its usefulness because capital investment in parts of a plant had imbalanced the payments to

of the existing incentive scheme because it was no lon-

A need to change payment structures becuase the introduction of new methods of work organisation such as just-in-time had made them less relevant.

About 30 per cent of compa-mes using incentive schemes were applying traditional pay-ment by results systems of piecework, standard times, or

measured day work. The most common form of scheme was one involving standard time measurements.

In about half of the companies paying incentives, bonus payments represented no more than 10 per cent of total pay. About 75 per cent of the companies surveyed recognised

Incentive Pay for Manual

OBITUARY Sir John Reiss: former chairman of Blue Circle

SIR JOHN REISS, former chairman of Blue Circle, Britain's biggest cement manufacturer, and president of Aims of Industry, the business lobby group, has died, aged 80. Sir John, who was a strong opponent of state ownership, campaigned vigorously against the Labour government's nationalisation programme in

the mid 1970s. He was regarded as a leading supporter of the free market policies now embraced by the

He was also a founder member of the Foundation for Business Responsibilities, which subsequently conducted studies into business ethics and the effect of business on the environment.

Sir John joined Associated Portland Cement - later renamed Blue Circle - in 1934, having first worked for the Reiss family cotton business, and then briefly for a US bank and an insurance company. His first job for Associated was to assist with the delivery of wages, for which he was

paid £3 a week. He was chairman of Blue Circle from 1957 to 1974, during which time the group substan-tially increased its overseas cement business to become the world's second largest cement

producer. He was described by colleagues as a sensitive, cultured man, who held many liberal views as well as being a dedicated supporter of free market economic policies.

CORRECTION

Nobel prize

In our survey LEP and Big Physics, published on Monday November 13, it was incorrectly stated that Mr Aldo Michelini, a senior Cern physicist, had won a Nobel prize. Mr Michelini has never received

BAT closure costs Liverpool 470 jobs

By Ian Hamilton Fazey, Northern Correspondent, and Nikki Talt

BRITISH-AMERICAN Tobacco, the cigarette-making subsid-iary of BAT Industries, is to close its factories in Liverpool and Amsterdam and transfer to Southampton and Brussels. The company's largest European operations, which are in West Germany, will be unaf-

The rationalisation will be a blow to Merseyside, where 476 jobs will be lost in an area that has 14 per cent unemployment. Some of the 123 workers employed in Amsterdam will be offered jobs in Brussels. BAT's move comes in the wake of a £13.5bn bid, lapsed, from Sir James Goldsmith's Hoylake consortium. The conglomerate denied yes-terday that it was a response to Hoylake's sharp criticism during the bid of BAT's record on its tobacco interests. BAT

CL-ALC joins

eauities exodus

CL-ALEXANDERS Laing and Cruickshank yesterday became

house to pull out of market

growing UK

By David Waller

July.

BAT also declined to quantify the short-term costs of the closures, but said they would not affect figures for 1989. The Liverpool factory is not likely to close officially until September 1990, it said.

The decision on the factory

BAT's oldest in Europe and
dating from 1916 — is in spite of £20m of investment since 1983 Difficulties with labour relations have not arisen but production was limited to short runs, making the factory the

"The site and layout are wrong and we would have needed to knock the factory down and start again to make it profitable," an official said yesterday.

Liverpool's capacity of 4bn cigarettes a year will be transferred to Southampton where production will rise from 11bn to 14bn cigarettes a year - and Brussels, which will take the rest.

BAT's spare capacity in the Brussels plant, which employs 370 people, will be taken up by the Amsterdam and Liverpool volume it will get. Production will rise from 5bn to 9bn ciga-

The Liverpool cigarettes are all export brands for Africa, the Middle East and the Far East. The company said that while European sales will export the company the company the company that while European sales are flat while European sales are flat to the control of the contr overall, there was still growth in some countries and worldwide sales were growing in several markets.

BAT's West German factories are in Bayreuth and West Berlin, where 2,700 employees

It closed its Augsburg factory last year.

About 20 jobs will be created in Southampton to add to the 800 already there. The city also houses the company's research and development department. Some of its London head office technical departments will also be relocated to Southampton during next year.

during next year. BAT's plant in Corby, Northamptonshire, will carry on. It employs only 40 people and is highly efficient. BAT said it will turn over the Liverpool factory to the

Merseyside Development Cor-poration and will consider put-ting money into converting it Production will stop at the

for job creation schemes. with final closure in autumn

Going good for gold as market bucks the trend

David Blackwell analyses the precious metal's rise

the latest London securities OOD news for the world is generally bad news for gold, as one City analyst put it yesterday. making in UK equities, with the loss of up to 20 jobs. The move follows ANZ McCaughan's decision last Yet at a time of relative politi-cal and economic stability, the week to close its UK equity operations, shedding 150 jobs. price of gold is rising strongly. Also last week was the Canadian Imperial Bank of Com-Its performance this week has taken the City by surprise. merce's closure of its stock-broking operations with the Gold broke through the \$400 (£256) barrier for a troy ounce on Tuesday and has remained

loss of up to 65 jobs. CL-ALC, acquired 18 months on the upward path.
It also has a lot of potential ago by Credit Lyonnais, the large French bank, will still employ about 500 people in to go higher, according to Mr Robert Weinberg, head of international mining sales at the The company said it remained committed to being James Capel securities house. He said that worldwide inflaa securities house, concentrat tion was under control with ing on European equities busicurrencies and the political sitng on European equities ousi-ness, agency operations for UK shares, and corporate finance. CL-ALC's move is the latest response from the London securities industry to severe overcapacity in the UK equity market uation relatively stable.
"If all this bad news (for

gold] cannot depress prices, it's an early warning of a bull mar-

Yesterday the London bullion market closed with the price at \$416.25 a troy ounce, the highest level since December 23 last year. That marks a rise of nearly \$60 an ounce since the recent low of \$356.50 an ounce on September 15. "You have to go back a hell of a long way to find a run off the bottom like that," one trader

Mr Alan Baker, deputy managing director of Sharps Pixley, the London bullion broker, said: "The market has risen a lot further and faster than a lot of people expected. It has broken out of a two-year down trend and is drawing in a lot of old customers who had been inert. Now it is feeding on

Ms Rhona O'Connell, precious metals analyst with the Shearson Lehman Hutton financial services group, traces the beginning of the run back to the collapse of the financing for the buy-out of United Air Lines, the subsequent Wall Street "crashette" last month, and the resignation of Mr Nigel Lawson as Chancellor. Those factors provoked a

pick-up in gold market vol-

Gold price \$ per troy ounce (London) 380

Dec'87 1986 umes, she said yesterday. Since then, it has developed a momentum of its own. Some buyers have been waiting on the sidelines for the market to pull back, but that has not hap-

in the market. She added that there had been very little speculative buying - "virtually all of it has been from firmhanded investment buyers." After Black Monday in 1987. gold prices blipped upwards but soon settled back. Mr Baker said that brought "a great deal of disappointment"

pened. Ms O'Connell said they

were still potential customers

to the market. However, this time things were different. "Equities are not looking very promising. There is a lot of money in the hands of institutions, and it does not need a lot of their funds to influence what is a relatively small market in a big way," he said yes-

terday. Ms O'Connell said disillusion with gold took many institu-tional investors out of the market last year. Some Swiss banks are believed to have less than 3 per cent of gold in their gold-bearing portfolio accounts against a traditional weighting of between 5 and 10 per cent. However, she said she now had no doubt that some European money managers were covering themselves against being underweight on

the amount of gold they are carrying, rather than against sbort positions. In addition, the political upheavals in Eastern Europe have prompted managers to diversify away from West German bonds

where sales of jewellery have been strong this year, is also

breaking the previous record of 90,467 lots on Wednesday. One dealer described the buy-ing as "crazy." The Hong Kong

average, which might trigger further buying next week. "That will have the comput-

of UBS Phillips & Drew. He believes that three conditions for a bull market have been fulfilled – financial shock, producers not selling into price rallies, and US interest rates beginning to come down, "If it breaches \$424 an ounce, then it's daylight all the way to \$460," he said yesterday.

next year of \$375 an ounce. Markets review, Page 15

Demand in the Far East,

providing a spur to prices. The Tokyo market has been routinely adding a couple of dol-lars to the New York close this week, Mr Baker said. "It's one way all the way out there." Yesterday gold futures on the Tokyo Commodity Exchange for Industry (Tocom) traded a record 104,289 lots

market was also hectic. Predictions as to where the price will go now vary widely, although the next target area is the low \$420s. Yesterday the so-called "Golden Cross" occurred after the London afternoon "fix" was set at \$415.80 an ounce. That took the 200-day moving average of the fix above the 50-day moving

ers salivating across the world," said Mr Andrew Smith

Mr Weinberg, of James Capel, added a note of caution.
"The difficulty is to prevent ourselves becoming over-enthusiastic." The sentiment was echoed by Mr Nick Moore, of Ord Minnett, the brokerage house, who is sticking to his forecast for an average price

duction changes.

Eighty three of the compa-nies reported having merit or performance appraisal schemes. The proportion did not increase with the size of the company in the way that

restraint.

He said companies had given a variety of reasons for considering changes in their tradidifferent groups of manual

• Wanting to change the form ger providing effective motiva-tion.

trade unions.

Workers; Engineering Employers London Association, EELA House, Station Road, Hook Basingstoke, Hampshire RG27 9TL; £20.

disnified lives - they deserve nothing less. Write today with a donation and enquiry to: The General Secretary. (Dept. FT), 42 Ebury Street, FRIENDS OF THE ELDERLY LONDON SWIWCLZ. and Gentlefolk's help Registered charity number: 226064

HAPPY ENDING

Long life and happiness - that's what we all say.

But there is a price to pay for living longer. Ours is

to provide more nursing care and better accommo-

that this vital project, too, has a happy ending.

currently £1 Million - to begin a building programme

dation for the old and needy. Please help us to ensure

We have been looking after the elderly since

1905 and now have eleven residential homes. Here,

find security and freedom, for the rest of their lives,

Elderly also give financial help to all old people who

men and women from professional backgrounds

with nursing care when necessary. Friends of the

wish to stay in their own homes.

covenant or remember us in your

Please be a Friend and make a

Will. The old should lead happy and

produce 30bn cigarettes a year. It closed its Augsburg factory said the decision was taken before the bid was launched in

FINANCIAL TIMES SATURDAY NOVEMBER 25 1989 "Where do I check in?"

1

"I've left my ticket in the taxi."

"Which gate is my flight?"

"My luggage has gone through and I need something from it."

"My car's outside on double yellow lines."

"I think that's my plane taking off."

"My canary's escaped."

"Can I get a coffee around here?"

"I can't do my zip up."

"Can I get into New York by belicopter?"

"What time do we get there?"

"Just how wide are the seats?"

"Do they have nappies on board?"

"Where do I get a newspaper?"

"Do they sell Russian vodka in duty free?"

"Where's the Ladies?"

"Where's the Gents?"

"Where have all the trolleys gone?"

"Is the Pink Poodle Club on 48th Street or 49th?"

"Do we get to see where the pilot sits?"

"What happens if it's full?"

"Where can I get an oil filter for a 1965 Hillman Imp in Chicago?"

"Do they take traveller's cheques in duty free?"

"Where's the London desk?"

"What do I do with this?"

"Can I go through to the Departure Lounge now?"

"Where is the Departure Lounge?"

"They've put the wrong name on my ticket."

"Can I get a bassinet for my baby?"

"I'm looking for some string."

"Does my camera have to be X-rayed?"

"I've just noticed my passport's out of date."

"I need an aspirin."

"Kann ich am J.F.K. Flughafen direkt zum Flug nach Chicago umsteigen?"

"Where's the Ambassador Lounge?"

"Do I need a Visa?"

"Can I take these as hand-luggage?"

"Can I change to a later flight?"

"What do I do now?"

"I have to phone my wife."

"Is there a phone anywhere?"

"Είναι ο Πήτες 'Αιζντελ-Κάρπεντες εκεί;"

"Anybody got a pen?"

"What time is it?"

"Is New York ahead or behind?"

"Can I hire a car there, from here?"

"Is it sunny in Los Angeles?"

"Will my hair dryer work in Minnesota?"

"I can't find a porter."

"My aunty's gone missing."

"Will they have any dominoes on board?"

"Are there any seats in non-smoking?"

"What's for dinner in First?"

"What film are they showing?"

"Is there a nice restaurant in Toledo?"

"How do I get into town from JFK?"

"My case is too heavy"

"How far is Philadelphia?"

"Is it on time?"

"Can I change this non-changeable ticket?"

"Can I choose my seat after I get on board?"

"I'd rather sit at the back of the plane."

"Can I order a special meal?"

"I can't find my boarding card."

"What star sign is the pilot?"

"I need to send a fax."

"Is there a wheelchair somewhere?"

"Is there a lift?"

"Do I have to be X-rayed?"

"Please, somebody."

"Which way now?"

"My seat's supposed to be reserved."

"Will they wait for me?"

"Can I change my money here?"

"What's going on?"

"How many bags am I allowed?"

"What's the code for Dayton, Ohio?"

"Is it too late to order a kosher meal?"

"What escalator?"

· "Can I leave my rented car keys with someone?"

"Maybe someone will change seats with me?"

"Will we all be able to sit together?"

"Can my son sit in the cockpit?"

"Is it too late to change my flight?"

"Is it too early for the bar?"

"Will there be any film stars in First Class?"

"Who won last night's ball game?"

"I didn't hear that."

"Is it are not my wife's ticket here to pick up.¿Qué?"

"How do I make my connection in New York?"

"Help!"



TWA give you someone to buttonhole.

We've been listening to some of the questions that get asked at the airport. (See above.) And having listened, we've come up with an answer In fact, a whole host of answers. The TWA White Coats'.

A team of young men and women whose job it is to be on hand at our Heathrow and JFK terminals looking for problems.

Your problems. (See above.) So now if you find yourself waiting for one of

our 6 daily flights to the USA, and your passport disappears, or your mother-in-law needs some elastic in a hurry, you know who to turn to.

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FINANCIAL TIMES

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Saturday November 25 1989

exchange stability, the exter-nal deficit has provided an opportunity for a more appro-

priate domestic monetary

It is on the domestic, not the

international, side that the Chancellor has real worries, all

on the side of the economy's not slowing down quickly

enough. October seems to have been a relatively good month

for lending, but the annualised six-month growth of Mo, the

former Chancellor's favourite monetary indicator, is 7.9 per

cent. Meanwhile, the growth of

all the broad money aggregates remains not far short of 20 per

The preliminary estimates for GDP in the third quarter add to the picture of a fairly strong economy, with output up by 1 per cent over the previ-

ous quarter. Meanwhile, last week saw a disturbing jump in

retail price inflation, excluding

mortgage interest payments, to 6.1 per cent over the year while

wage settlements are now

between 1 and 3 percentage points higher than a year ago.

sterling is sliding steadily downhill, closing just below DM 2.82 yesterday. Sterling has

now lost 47 pfennigs in the nine months since the end of

January. Over the same period

the effective rate has depreci-ated by 12 per cent. Such a

depreciation may be welcome to exporters, but it does noth-ing to help satisfy the Govern-

ment's "judge and jury," the rate of inflation.

The worst thing for the Gov-

ernment would be for next

year not to be bad enough. The rate of inflation, especially

wage inflation, must be on a

firm downward trend a year from now. If it is not, the

opportunity may be lost. The higher rate of inflation would

be entrenched and time would

also be running out before the

Mr Major may face a choice between still higher interest rates now and lower interest rates in 1991 and 1992, on the

one hand, and consistently

high interest rates throughout, on the other. Given both the

political timetable and the eco-

nomic importance of knocking

the incipient wage price spiral

on the head, decisive action now may be the better course.

It does not really matter if

the justification for a tighter

monetary and fiscal policy is the fall in the exchange rate,

the monetary indicators, or inflation itself. They are all – happily or unhappily – point-

ing in the same direction. For Mr Major valour is now the better part of discretion.

next election.

Last, but surely not least,

Disturbing jump

stance than two years ago.

The case for overkill

AS THE NEW tenant of the embattled fortress on Great exchange stability, the exter-George Street, Mr John Major has given the signs of being a man who wishes to feel his way into the new job. This is perfectly understandable, yet it may prove a disastrous mistake. If Mr Major is to act effec-

tively, he has to act soon.

The Chancellor has been quite fortunate during his brief tenure. The trade figures, in particular, were not as bad as feared by many, even though this meanly chouse what though this merely shows what the UK has become used to. Some features of the balance of payments are even encouraging.

The volume of non-fuel

exports, excluding the so-called erratic items, is up 10 per cent over the year and 3 per cent over the latest quarter. Encour-agingly, imports were up by agingly, imports were and by less — by 8 per cent and 1½ per cent over the two periods respectively. If this export performance can be maintained (or, better still, improved as domestic demand slows down still further) and the growth of imports continues to decelerate, the external position fore-cast for next year in the Autumn Statement - a current account deficit of £15bn - becomes perfectly credible.

The buoyancy of exports is particularly pleasing. It suggests that there has, indeed. been an improvement in the underlying performance of manufacturing industry during the 1980s, the main problem last year being the growth of domestic demand. Despite the dreary whingeing at the CBI conference, many businessmen are doing a good job of expand-ing exports.

Exports growth

For next year, the Treasury forecasts growth in the volume of exports, less oil, at 6% per cent, well below the likely rate for 1989. There is no good rea-son why exports should not do that well. Given the weakness of the pound and the expected buoyancy of the economies of western Europe, they could do

The significance of the current account should not be exaggerated. A country that maintains a strong net over-seas asset position (the latest estimate being that net overseas assets were 19 per cent of gross national product, a higher ratio than for either Japan or West Germany, at the end of last year) should be able to attract inward finance on

the required scale.

The deficit is a serious problem only to the extent that the cost of financing it is prohibitive from the domestic perspec-tive. For the moment, however, there are sound domestic reasons for maintaining interest rates at their current level.

his week brought a new dimension to British politics, and I do not

think that anyone who has seen or participated in the tel-evising of the House of Com-

mons will expect there to be

Question Time have become more accessible to the elector-

ate. We shall see the results in

due course - who gains and who loses - and no doubt there will be some surprises

along the way. Mr Ian Gow the Tory MP for Eastbourne, for example, who made the first

televised speech and is opposed to the cameras, came out as

There is another potential

change, however, about which there has been less comment. It concerns the role of the Speaker - the man in the wig who sits in the middle and acts

as a kind of umpire: currently

the Rt Hon Mr Bernard Weath-

The Speaker's role has

always been important, though probably in a way not well

understood by the general public. He not only presides over keeping order in the House, he

also has representational func-

tions. It is he who entertains some of the most senior visit-ing foreign politicians, as well

as the more junior, for it is

part of the Speaker's job to get

on with the lowly as well as

He has splendid apartments

in the House of Commons

itself. When I was young and

there was not much security, I used to go and stay there in the summer holidays with a

will depend on him.

Parliamentary debates and

any turning back.

German leader, has climbed to the top of the party ladder in what has always been one of eastern Europe's

aways been one of eastern Europe's most rigidly Communist states. Now, a month into the job of presiding over a country rapidly shedding Stalinism, Mr Krenz has adopted with remarkable speed ways and wiles reminiscent of a western politician on the election trail the election trail
"Of course I have self-confidence,"

Egon Krenz, the East

he affirmed with a rumbling laugh yesterday in the headquarters in East Berlin of the Socialist Unity Party

(SED), the communist party.

Referring to the SED's special party congress in three weeks' time — at which he could well be ousted by grass-roots party dissent — he said there was only a "small" chance that he would not be re-elected.

"Without self-confidence, I couldn't go to the party congress. A lot of foreigners come to us and say the mood (in the party) is awful. I would say that the mood is of two types: doubt and hope. The doubts, we will certainly overcome. And the hopes, we will strengthen."

Mr Krenz, a bespoke-suited 52-year-old with perpetually dark rings round his eyes, exudes a mixture of tough-ness and bonhomie. Compared with his introverted predecessor, Mr Erich Honecker, who was forced out after 18 years' rule and now faces an investigation into party irregularities, wavy-haired Mr Krenz has the touch of a

showman.
Yesterday, he cast aside doubts about the future of Communist rule in East Germany, insisting, "This land is a socialist country and will remain a

socialist country."

Beset by a rising tide of fugitives to West Germany and mounting demonstrations for political reforms, Mr Krenz won breathing space by open-ing the borders a formight ago for travel to the West. Economic pres-sures are however increasing and the street protesters have not gone away. One of Mr Krenz's favourite sayings is: "The people are sovereign." The people of East Germany, their frustrations now bubbling over after 40 years of Communist misrule, have not yet

thad their final say.

The party leader is presiding over a series of political changes which are to culminate, at some stage in the next 18 months, in the country's first free elections. Round-table talks between the SED, the four existing parties - up to now compliant part-ners of the Communists - and the fledgling opposition groupings are to take place in the next few weeks to prepare changes in the constitution and a new electoral law.

and a new electoral law.

Mr Krenz said yesterday that the poll was unlikely to take place before the end of next year. He hints at benefits to the SED, resulting from the lack of organisation and experience of the opposition. "There are different interests. Some parties are pressing. interests. Some parties are pressing for elections to be held rapidly. Other political groups which have been formed and want possibly to take part

sider the needs of the people." Signals from the domestic and

foreign markets would have far-reaching consequences. Central planning, however,

would continue to set the "decisive priorities."

The East German leader said central planning had been dominated by administrative commands. This was part of the system which reached its apex under Mr Günter Mittag, "SOCIALISM as an idea, as a system of society, is the only alternative to the unsocial system of capitalism," Mr Krenz declared yesterday. "What we plan is not a path between socialism and capitalism, but a path of real socialism." the now-disgraced former economic chief in the Politica. made clear that his concept of a "socialist planned economy" aims to upgrade considerably the role of the market. "If one doesn't respect the laws of the market, then one doesn't con-sider the needs of the people." highly unpopular, Mr Krenz said "consideration" was being given to lowering subsidies which did not serve a "social purpose." Subsidisation of most basic goods cost about a quarter of the state budget.

Central government's "sti-fling control" of the Kombi-nate (the more than 300 big industrial trusts which dominate the economy) would have to "disappear." Managers

would be given greater scope for individual decisions. "They will truly be able to act as captains of the economy." Mr Krenz suggested.
Although there might be opportunities for western capi-tal to be brought into East

MAN IN THE NEWS

Leader who

knows what

he wants

in elections . . . want the date to be delayed so they have time to prepare."

"I am not ready to speculate on whether or not the SED will go into opposition." He admits that, if elec-tions were held tomorrow, "less peo-ple would vote for us than 10 years are." According to the corne mall in

ago." According to some well-in-formed estimates, in a free poll the

formed estimates, in a free poll the SED would gain no more than 10 per cent to 30 per cent of the votes.

He concedes that 50,000 to 60,000 of the SED's 2.3m members have left the party. But he points out, with the easy tones of one used to power: "We are still the strongest party in the country."

As a member of the Politburo since 1983 - where he was Mr Honecker's

deputy in charge of security – Mr Krenz can hardly escape responsibil-ity for Bast Germany's most serious

crisis in its 40-year history. His support for the Chinese Government's

crackdown against pro-democracy

demonstrators in June, and his part in alleged rigging at East Germany's municipal elections in May, have added to his problems of credibility.

Mr Krenz sighs audibly and talks about "consistency" and "a programme of renewal" when asked about his lack of plantility. Trackled

about his lack of plausibility. Tackled about the May elections, he says:"I have a clean conscience."

which he was chairman contained

representatives of all the parties;

results were based on computer returns; and that to challenge the out-

come would cast doubts on the hon-esty of 300,000 electoral counters around the country. Debate is anyway now academic as all the voting slips

have been destroyed, as laid down by law, he adds earnestly.

Mr Krenz bluntly rejects rumours about some of his personal character-istics which have added to his general unpopularity. Asked whether he

He says the electoral commission of

Egon Krenz talks to David Marsh,

about the future of East Germany

drinks too much, he replies with good humour: "I am not an alcoholic. I have never had any problem with

this, and I hope also in the future not

to have any."

He says he has been the victim of malicious "rumours" spread as part of a "concerted" campaign about him

a "concerted" campaign about him three or fours years ago. "The source, I do not know." (He adds that he does not think it was Mr Honecker).

Mr Krenz is clearly on the defensive after popular criticism of privileges enjoyed by top SED functionaries. Yesterday, he drove the message home: "I am not ill, I have not submitted to an operation in the US, I own to hunting reserves no dachs and no

no hunting reserve, no dacha and no

no hunting reserve, no dacha and no foreign currency account."

Keen to project an image as an ordinary "cktizen of the republic," Mr Krenz now drives a mundane Lada car around Berlin. He appeared on East German television at the weekend in his modest new home in the Berlin suburb of Pankow, after moving out of the Polithurn's much critic.

ing out of the Politburo's much-critic-ised luxury settlement outside the

Mr Krenz is clusive about the part played by Mr Mikhail Gorbachev in bringing him to power last month. Talking of the Soviet leader's policies

of glasnost and perestroika – sternly resisted by Mr Honecker and the SED's now-departed septuagenarian old-guard – Mr Krenz says: Our mistake was not to have analysed these processes enough and to have drawn the right conclusions from them."

the right conclusions from them."

Mr Krenz denies that the SED's for-

cing out of Mr Honecker last month,

just after Mr Gorbachev's visit to East Berlin for the country's 40th anniver-

by Moscow. But he points out that Mr Gorbachev gave clear notice of dissat-

isfaction with Mr Honecker by telling him last month that delays in reforms

Mr Krenz is also tantalisingly

could be "punished by life itself."

sary, was "significantly influence

Leslie Colitt and Geoffrey Owen

terman companies, he under-lined his clear reservations about thoroughgoing privati-sation. "I cannot imagine that a large Kombinat would be turned into capitalist property."
However, the "socialist

entrepreneurial spirit" was not conceivable without "risk-taking." The earnings of the Kombinate and other companies must be decisive for the "fate" of a director. A "certain

portion" of workers' incomes might be made dependant on the "profitability of their company." The private sector would be given "significantly greater attention" than before, itiong with co-operatives.

Mr Krenz said the leaderthin could wall allow private

ship could well allow private entrepreneurs to re-enter the industrial sector, especially as producers of consumer goods. The sensitive question of how many people a private manufacturer could employ had not yet been decided. "Private initiative should benefit the population," he noted.

He indicated that private producers and co-operatives

producers and co-operatives could play an important role as medium and small-size

plants which co-operated with the Kombinate, especially in producing consumer goods and as components suppliers. Mr Krenz's economic problems have been exacerba

the opening of the country's borders on November 9. Specu-lation in goods and monov to to be combated by new regula-tions which went into effect yesterday. East Germans will only be able to buy certain goods such as children's clothgoods such as children's cloth-ing, cameras and electronics after showing their identity cards. The East German leader said that otherwise the open-ing of the borders was in dan-

ger of being "misused by spec-

ulators."

Referring to one of the most

Ashley Ashwood Thatcher. "She is a very energetic and consistent politician. She knows what she wants. Politicians who know what they want and are able to push it through in complicated questions are the right persons to lead".

ambivalent about prospects for unifying East and West Germany. He criticises attempts by the Federal Republic to use the lever of economic aid to force the pace of East German

"For the near future, I see the "For the near future, I see the necessity for two independent German states." Under present circumstances, he says, German unity is not on the agenda — and if it was, it would destabilise Europe. Longer term, however, he indicates that the question cannot be ruled out, depending on the "framework of the common ing on the "framework of the common European home."

Facing an uphill struggle in learning the new political rules, Mr Krenz yesterday drew some inspiration from a chance remark about Mrs Margaret

Flashing one of his glad-handing smiles, Mr Krenz says, "You know opinion polls from many countries show that some politicians are popular, some are less so. But sometimes you see that the unpopular ones are still elected, and the popular ones are

The unpopular Mr Krenz undoubtedly knows what he wants. The East German electorate — if it comes into being — will now have to discover if it shares his views.

> radical features of his economic reform plans, Mr Krenz said that all forms of co-operation, including joint ventures, with western companies were now under consideration. The sole criterion is efficiency . . . I want to emphasise that we

Mr Krenz proclaimed that free convertibility of the GDR Mark was one of the most important elements in forthcoming economic reforms.
Some of his own experts however are predicting that this could take 10-15 years, a reminder that the East German economy - whoever leads the country - faces a long haul.

The Speaker

Man in the middle faces up to testing new role By Malcolm Rutherford

crill, the Tory — but, by the nature of his office, impartial — MP for Croydon North East. along the corridors, everyone Television has made the else has to stop in their tracks until he has passed. This ritual Speaker into a public figure who must be seen on the screen to adjudicate imparis taken with great seriousness, as I know to my cost: I tried to breach it once, when in a hurry. The House of Comtially. Many of the outside judgments on the merits and effects of televising Parliament mons policeman was not

> So much for the ceremonial. The Speaker also has power. He has the power to "name," or expel Members from the house for a limited period if their behaviour in the Chamber goes beyond the bounds of the acceptable. Ultimately it is the Speaker, relying partly on precedent and partly on his own judgement who decides what is acceptable.

It is the Speaker who decides whether to grant requests for an emergency debate. That role is less important when the Government has an over-whelming majority. But it did matter in the winter of disconthe summer holidays with a friend whose father was Speaker at the time.

When Parliament is in session and the Speaker moves

When the summer holidays with a tent in 1978-79 when the Government's majority was negligible and the granting of an emergency debate could be another threat to the Govern-

ment's existence. It can matter at any time when political ten-sion is high: for example, during the last miners' strikes.

The Speaker also decides whom to call from the back benches, both in debates and at

Question Time. He does so on a number of grounds. Privy Counsellors normally have priority: they are the people addressed as "The Right Hon-ourable" and have usually been either fairly senior Ministers or leading members of the opposition parties who have been privy to official information and have taken the oath of

But even Privy Counsellors can be quietly taken aside by the Speaker and told not to overdo it by standing up to be called too often. Thus Mr Julian Amery, the MP for Brighton Pavilion, was advised by the previous Speaker, now Lord Tonypandy, that he was taking undue advantage of his

privilege.

Other reasons for calling MPs to speak are constituency and special interests, fre-

aging new Members, and prod-ucing some sort of regional and inner-party balance. In a debate on the common fish-erles policy, it would be natu-ral to call the Member for Grimsby. If there were a train crash in York and the Transport Secretary was making a statement, the Member for York would be among the first to be called if ICI announced closures. closures, the Speaker would call a Member with an ICI plant in his constituency on any relevant occasion, like Prime Minister's Question Time. And in a debate on law and order an MP such as Sir Eldon Griffiths, who has been a consultant to the Police Federation, would be unlikely to

All of these considerations have to be borne in mind by the Speaker. It is not an easy task even at quiet times, not least because more people want to speak than time allows. The task will be much ings are televised.

est alone. Back bench MPs who know that they will seldom get into the national press have always taken their local papers very seriously because that is where their voters are. They will want to be shown on local television even more. So the competition to speak will become stronger.

Take the constituency inter-

There have been only seven Speakers since 1943. Perhaps the most distinguished was "Shakes" Morrison (1951-59) – "Shakes" because he could quote almost the whole of Shakespeare by heart.

There was also Selwyn Lloyd (1971-76), a middle class lawyer from Liverpool with a slight stammer who was Foreign Secretary at the time of Suez and was sacked by Harold Macmil-lan as Chancellor of the Exche-quer. That helped the Labour made his come-back in the Speaker's chair.

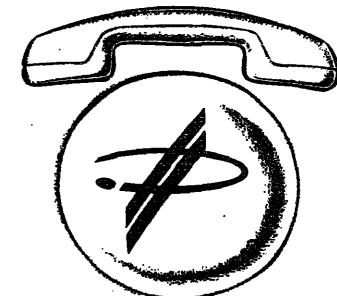
He was succeeded by Mr George Thomas (1976-83), once an acolyte of Harold Wilson who was arguably too kind to the Tories when he was Speaker. He became a national figure, or rather a national voice, through saying "Order, order" when live broadcasts began on radio. He is now Lord

Tonypandy. The present Speaker, Mr Bernard Weatherlll, faces a much harder challenge. Under the still experimental rules, the cameras have to switch to him whenever there is an alterca-tion on which he may have to rule - and be seen to rule. Like Lord Tonypandy, he is a nice but rather nervous man, perhaps somewhat over-impressed by the trappings and traditions of the office. Before he became an MP he was in the family tailoring business in Savile Row. The highest job he reached in government was Deputy Chief Whip.

Mr Weatherill seems set to stay, at least until the next general election, coping with the challenge of a role which has changed substantially since he was elected.

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PEARL HOTLINE

behalf by his broker, revealed in a Channel Four programme this week, raise a number of questions about his conduct and about the private interests of Government ministers generally.

It was Mr Parkinson who as Secretary of State for Trade and Industry introduced the legislation which made insider dealing illegal in 1980. The Channel Four programme — called "At the mercy of the unscrupulous," a phrase taken from one of his own phrase taken from one of his own speeches at the time - revealed, ironispecches at the time — revealed, fron-cally enough, that the first major inves-tigation by his department into insider dealing probed the affairs of Mr Parkin-son's own broker, Walter Walker, and of a company in whose shares the bro-ker had dealt on the Trade Secretary's behalf in the period under investiga-tion.

That company was Suter, an engineering group run by Mr David Abell, whose first takeover comp involved the purchase of the Prestcoid refrigerator company from British Leyland. British Leyland was at that time controlled by the Government in which Mr Parkinson was a minister.

was a minister.
The minister is said to have continued to use the services of this less than top-flight broker for the next seven years and to have profited from other share dealings relating to the activities of Suter - which remains the subject of a Department of Trade investigation

and Mr Abell.

Is it enough that Mr Parkinson did not know what transactions had been undertaken on his behalf and merely undertaken on his behalf and merely followed the rules? In practice, it is not entirely clear to the public what those rules are. On taking office ministers are presented with a document entitled "Questions of procedure for ministers" covering matters ranging from ministerial travel to cabinet proceedings. A small section of the document concerns ministers' private financial arrangeministers' private financial arrangements. According to a former very senior Whitehall official, its basic message, is that "ministers are required to so order their private affairs that no conflict arises between their private affairs and their public duty." But the official warned that the document is updated by every prime minister, and that its exact wording has almost certainly changed since he saw it.

Two former Conservative ministers to

Two former Conservative ministers to whom I spoke this week confessed that they could hardly recall the section because they owned no shares when they took office - an odd reflection on the government's commitment to wider share ownership. A Cabinet Office spokesman, meantime, told me apologetically that the document was confidential. The only public indication of what it might contain, he indicated, was in a rather elderly Cabinet Office memorared up to the 1975 Borrel Commemorandum to the 1975 Royal Com-mission on Standards of Conduct in Public Life, which was set up after the Poulson scandal involving bribery of local government officials. Though this predates Mrs Thatcher's time in office,



John Plender considers the issues raised by Cecil Parkinson's shareholdings

The rules on ministers' investments

it is the best indication available of what the current rules might be.

The memorandum states that there may be exceptional cases relating to ministers' private investments where "the actual holding of particular shares in companies closely associated with a minister's own department may create the danger of a conflict of interest."

"Where a minister considers this to be the case," it adds, "he should divest himself of the holding. There may also be less clear cut cases where a minister would feel it appropriate to place his holding in the hands of trustees."

"Ministers," it continues, "should "Ministers," it continues, "should scrupulously avoid speculative invest-

ments in securities about which they have or may be thought to have early or confidential information likely to affect the price of those securities."
Given the sensitivity of the Trade
Secretary's position in relation to all
corporate activity, the case for handing
a share portfolio over to trustees was
obviously a strong one. Instead, Mr Parkinson gave full discretion to his broker
and obese not to wome his portfolio to and chose not to move his portfolio to a more establishment firm. Since he has not commented on what

information his broker gave him about the contents of his portfolio, it is impos-sible to make any direct judgment about Mr Parkinson's management of

potential conflicts of interest. But given the speculative nature of his broker's dealings and of their involvement in controversial DTI investigations, it is hard to disagree with the Channel Four programme's verdict that the Transport Secretary made a serious error of judg-

Whether, as the Labour MP for Workington Mr Dale Campbell-Savours argues, that amounts to a case for tight-ening the rules is a more complex ques-tion. A former ministerial colleague of Mr Parkinson's argues, not unreasonably, that ministers must be assumed to proceed on the basis of common sense and integrity. And the former Whitehall official quoted earlier in this article believes that if the Cabinet Office were to spell out more detailed rules in an

attempt to 'stop up rabbit holes,' new rabbit holes would always emerge. Others warn against a more rigorous regime involving the use of blind trusts. Tory backbencher Sir William Shelton, who like Campbell-Savours is a member of the House of Commons Select Committee on Members' Interests, puts it rhetorically. How would you feel, he wonders, about handing over a quarter of a million pounds worth of your own of a million points worth of your own assets to trustees over whose decisions you had no knowledge or influence? And, of course, any rigid rules on divestment could result in losses if ministers confronted conflicts of interest when the stock market was down. In the United States these things are handled differently. On taking office, president Bosh appointed an ethics

President Bush appointed an ethics adviser who promptly pressured Secretary of State James Baker into divesting stock in Chemical Banking Corp, a New York bank weighed down with loans to the Third World and thus potentially affected by Mr Baker's interpretional debt streetery.

potentially affected by Mr Baker's inter-national debt strategy.

Yet it is hard to see Britain's Cabinet
Office adopting a more aggressive role
of that kind in relation to ministerial
conduct. Nor does it seem very plansi-ble that any British government would
insist on greater disclosure of ministers'
financial interests or that the coded
injunctions of the Cabinet Office should
be policed. But is it really too much to
ask that the government make its own ask that the government make its own guidelines public, in order to strengthen their impact and help ensure that conflicts are seen to be

In the absence of anything more satisfactory, the Channel Four programme has at least proved that investigative journalism is still an operative part of the checks and balances in the British system. Legitimate questions have been raised, not the least of them concerning how the City, and more specifically the Takeover Panel, conducts itself in relation to the affairs of aggressive share dealers and takeover merchants like Mr Abell

As for Mr Parkinson, his political As for Mr Parkinson, his political career has had some notable ups and downs. And his recent move to the Transport Department has been interpreted as a step into the departure lounge of the Cabinet. The initial reaction to this week's revelations suggests that, so far, he is down but not quite out. The Labour opposition will be sorely tempted to use his broker's share dealings to speed his exit.

Intentional timidity in the Oval Office

Lionel Barber reflects on an interview this week with President Bush at the White House

As armed Secret Service men looked on, the White House advance man did his best to line us up in alphabetical order, by country, "OK, Alex," he said to the reporter from lzvestia, "you're second from the back."

Mr Alex Shalnev uttered a mild protest as he realised that the United Kingdom representhe United Kingdom represen-tative would be last in line, and therefore would sit next to President Bush. "UK comes before USSR," said Mr Shalnev, "but no problem, you have the special relationship." Somewhere in the back-ground, General Brent Scow-croft, Mr Bush's national secu-rity adviser, was seen slipping

rity adviser, was seen slipping into the Oval Office for one final word with the President, probably to give him the latest on the 12 Green Berets holed up in the Sheraton, San Salvador.

Finally the call came, and rinally the call came, and the tall, tanned figure of George Bush loomed into view. One by one we trooped in, shook hands with the Presi-dent, and waited for the official white House photographer to take the statutory two shots. Then we stepped past the same desk where Harry Truman pro-claimed "the buck stops here" and took our seats around a crackling fire. The White House staff had

billed the half-hour session as a round-table discussion with the President, ahead of next weekend's meeting in the Med-iterranean with President Gorbachev. Tape-recordings in the Oval Office were banned (we forgot to ask whether this rule was introduced before or after the Nixon Presidency), and so old-fashioned short-hand was

Because of the restricted time, the number of correspon-dents, and the ban on follow-up questions, the session was less a news-creating event and more a chance to gain a first-hand impression of the Presi-

For a politician, he seems unusually sensitive to criti-

horthy before 1.30pm last
Tuesday, 10 foreign newspaper correspondents
stood outside the Oval Office
waiting to interview the President.
As armed Secret Service men

As armed Secret Service men

The White Horse

Mr Bush clearly believes that the disintegration of com-munism, while entirely wel-come, has the potential for great instability. The US role, he says, is to manage this change. The US should acknowledge Mr Gorbachev's role in championing the reforms, encourage the process in eastern Europe – but above all it should avoid "flamboyant actions" which could lead to a backlash within the Soviet

It sounds, well, prudent. The problem is that this low-profile role, with its accent on diplo-macy rather than rhetoric, does not play particularly well in American politics. The peo-ple – most of all the media –

For a politician, George Bush seems unusually sensitive to criticism

love a sense of theatre. Mr Bush knows he blew it on Ber-lin, and so do some of his offi-cials. As one said recently, recalling the President's stony visage after being briefed on the opening of the Berlin wall: "Five minutes of Ronald Reagan would have bought us a lot

of policy room."
At the same time, Mr Bush is clearly a good deal more fluent than his predecessor on foreign policy issues. Questioning Mr Reagan was a little like press-ing an unguided missile button — it was hit-or-miss if he remembered the question, recalled one reporter. Mr Bush answered with confidence and clarity on questions ranging from the Soviet-Japanese dis-pute over the Kurile Islands, the desirability of Hungarian neutrality, and European mon-

The President clearly relishes going one-on-one with Mr Gorbachev. Perhaps this is his

applies as much to deep-sea fishing as to superpower diplo-macy. But it also seems like a desire for the intimate setting, a nostalgia perhaps for the Skull and Bones Club at Yale, where personal bonds counted and private thoughts could be uttered without fear of public

disclosure.
"I want to be sure we don't have any misunderstandings Mr Gorbachev conducting himself in one way and our not understanding the underpin-ning his own thinking," said the President, with emphasis.

Some speculated afterwards that this could have been a reference to his own fear of a crackdown in the Soviet Union - and whether this would lead in turn to repression in East-

ern Europe.

The President would like to explore how far Soviet tolerance will stretch; yet, as one

ance will stretch; yet, as one east European correspondent observed, it is by no means clear whether the Soviets know themselves.

The lack of predictability has fanned talk about a Yalta 2, a superpower security arrangement which would contain an understanding on the post-war boundaries of Europe. In his interview this week, Mr Bush again ruled out such an arrangement — much to the delight of Mr Anthony Montanaro, the silver-haired 68-year-old editor of the Sunday Times of Malta who had flown into Washington to take his place Washington to take his place

in our group.

Mr Montanaro said he was confused by all the talk in Washington about Malta turnwashington about mana turning into Yalta. It reminded him of that day in 1944 when, as a greenhorn journalist, he heard the news that Churchill, Roosevelt were to meet Stalin to discuss the future of post-War

Europe.
"It came through as Yalta on the teleprinter," said Mr Mon-tanaro, "We all said it was a printing mistake. It had to be

Mr Montanaro is probably glad the conference never took place in Malta, given the results of that fateful meeting between the great powers. He certainly hopes that next week-end's encounter between Mr Bush and Mr Gorbachev turns

Times and Polarisation defended tides

Sir, Few would quarrel with the Prime Minister when she warns that times of great change are times of great

nncertainty. However, Mrs Thatcher must not use this to continue to iso-late the UK from the other 11 members of the European Community. The UK's refusal to enter the

European Exchange Rate Mechanism (EMS), its refusal to subscribe to the Social Charter in its present form, its refusal to back a European Community decision to put prominent health warnings on the front of cigarette packets - these show persistently the picture to our European part-

ners, that the UK remains the odd man (woman) out. Mrs Thatcher's fight over the Community's blatantly wrong agricultural policy must be admired, but her intransigence over other issues will undoubtedly result in the other member states ignoring the UK's views in future, and diminishing this country's influence over the important new issues Europe will have to face.

We must hope and pray that other members of the Cabinet will use their influence over the Prime Minister to persuade her to shed some of her strongly held convictions.

F.S. Law, 43 Lennox Gardens, SWI

Green in tooth and claw

From Mr David Erdman. Sir, I am dismayed at your article on the proposed devolution of the Nature Conservancy Council (November 18). Was "a person closely involved in the subject" Sir Humphrey, of the Yes, Minister television series? Break-up of the NCC is an act of revenge for embarrass-ment caused by UK Govern-

ment policies in Scotland. The NCC, as a guardian of the environment, found these inimical. That the Conservatives wish to save face in Scotland is petty. But does the Government not realise how foolish it looks to provide yourself with a watch dog, then put it down because it barks too loudly? David Erdman, 134 Goddard Way,

ъ

Saffron Walden, Essex.

imaginative and independent commentator on the investment scene. It is therefore uncharacteristic that he now argues, on behalf of the banks and building societies, the case against polarisation (Lombard column, November 10).

The Financial Services Act (FSA) has been a disaster; few, if any, try to defend it. However, as Mr Riley recognises, it is here to stay. If it is to produce any long term benefits, then the parts which are good must be defended strenuously. Polarisation is one such con-

cept. Before its introduction an army of employees, from bank managers to insurance salesmen, sold their company's unit trusts, insurance bonds and life policies under the pretext Polarisation as originally con-ceived required honesty in such matters, either an adviser must be truly independent, or he was an employee selling

only his companies products.
Regretably, the hig battalions were totally opposed to polarisation. They have done everything in their considerable power to undermine the concept, and to some extent they have been successful. We are now in the ludicrous position that many banks and buildings societies have, in effect, two doors. Enter one and you are confronted by tied agents working on behalf of one insurance company. Enter the other, and the advice -

At least some protection has been retained for the potential customer, but for how long? The Maximum Commissions Agreement has been abandoned and, as Mr Riley admits, this has led to some of the big building societies squeezing 170 per cent of the previous scale from their tied offices. And yet these are the organisa-tions whose independent advice has been so valuable that polarisation must now be

abandoned ...
Obviously Barry Riley has forgotten that it was only the imminent arrival of the FSA. four or five years ago, that panicked most building societ-ies into the area of "indepen-dent" advice. It is laughable that they should now be regarded as the last bastions of independence.

Those of us whose work enables us to see the advice given by ill trained and inexperienced staff look forward to the day when polarisation, strengthened rather than abandoned, forces these so-called independents to give up their independence. Meanwhile, your correspondent would be much better employed using his considerable talents to attack the ridiculously high levels of commission which are the root cause of the whole

Christopher Price, Price Gardiner, 16-17a Old Bond Street,

Emergency exits over the wings

soft landing to a cycle . . ."
Describing the kind of landing the economy makes is consistent with its "having taken off" earlier, having run into turbulence, and having experienced a bumpy flight. The Japanese might be said to have "gone supersonic," but it is unclear how we should describe this made equation. describe third world countries with huge debts. Their economies are perhaps permanently grounded, with no flying capacity at all, and have to

From Mr Christopher Price.

Sir, Barry Riley is usually an imaginative and independent

At least some protection has independent in a single protection in the same of the sam What does an economy do when it has "landed"? Does it come to a total halt? If so, for

how long? Presumably it takes off again, but to what destina-tion? These questions show the full international range of the latest flying metaphors. Perbaps we may venture into classicism: how about Icarian economic policies — those which fly too close to the sun, get overheated and fall headlong into the sea? How valuable metaphors are,

touching the unpalatable with a little colour while clouding a intie colour while clothing reality with welcome imprecision. As R.L. Stevenson pointed out, to travel hopefully is a better thing than to arrive. Mind you, he knew no airports: would he have written thus if he had been stuck in Rome airport with three fractions chil-dren on a hot August night with no luggage and no air-craft? Travellers worry more about long delays in crowded lounges than they do about landings — unless they are on an uneven playing field.

Meanwhile, how fortunate that, despite the October 1987 "crash," we do not have to worry about what "stop-go"

might do to flying metaphors. We do not now fear to see again that 1970s headline: "The sky is darkened by lame ducks coming home to Jonathan Charkham,

'The DHSS has some explaining to do'

Sir; Your coverage of the Community Care white paper (November 17), while a long way ahead of the competition in particular your leading article's discussion of means even recognised by the rest of the media or the political par-ties - was not entirely correct. lem of fragmentation and ambiguous responsibility for community care. In fact it cannot be done. Community care

From Mr Hugh Loue.

testing, whose existence is not Neither Griffiths nor the white paper deal with the probservices are provided to people because they are sick or disa-bled. So the frontiers between National Health Service care (10 per cent of NHS services are even called "community health services") and social services community care must necessarily be fuzzy, with a

wide no-man's-land between. Griffiths just moved it some-

NHS territory, where ser-vices are free at the time of use, has been losing ground for years to local authority community care territory, where services are means-tested. The Community Care white paper merely continues the process

post NHS white paper. But no-man's-land remains. The only way to make Health Authorities and local councils venture co-operatively into no-man's-land is to remove the motivation they both have to reject responsibility for care wherever possible; that is, fund starvation. No one seriously supposes they are going to be adequately fed.

The departures from Griffiths in the white paper (apart from non-earmarking of funds)

quently on your pages. They must have become airport run-ways by now. Where else can economies touch down when they make a soft, bumpy or hard landing?

hard landing?
All of a sudden some of our sporting metaphors have become airborne — as in a recent paper with the headline: "A soft run at a hard landing." The author warms to the theme: "A soft landing may be within grasp," followed by, "A soft landing can be pulled off." But sport will not be denied. The final summary started: The odds are that, in its ambition to achieve the best ever

look to other forms of locomo-tion. Perhaps they are "getting up steam," or have just "hit the buffers."

Some commentators vacillate between air and ground. One wrote of our European policy: "We shall be on the wrong flight path so long that we shall end up in a siding." (If

the job of making community

health services chargeable to the users instead. The others epitomise the Government's

our hands off — and you take

There will be no minister for

community care such as Grif-

fiths proposed, but a Department of Health and Social

Security (DHSS) monitoring

system - that is, criticism

without responsibility. The

requirement to charge users

for services is retained, but the

specific reference in Griffiths

section 6.61, requiring recipi-

ents to raise income, to pay for

services, by re-mortgaging their homes, has been dropped. (Yet this is important if signifi-

the blame" stance.

22 Montpelier Place, SW7 are interesting.
The transfer of NHS staff to cant amounts of money are to be raised from users.) Instead local councils (a sticky one) is dropped. The NHS internal market and opting-out will do there is a reference to a very loose means-testing rule which

allows councils to waive

charges "as seems reasonable."

On rapidly rising costs of pri-vate residential homes for the elderly, official statistics show that the cost in DHSS grants to inmates seems to have been increasing twice as fast, over the past four to five years, as numbers of inmates. As the means testing rules have not changed - and more and more people own houses which can be sold to pay the fees, thereby relieving the public purse the DHSS has some explaining to-do. Why are they forking out for a much higher proportion of the inmates than before - if they are?

4 St Dunstans Gardens, W3

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Coats ready to renew Tootal bid

By Alice Rawsthorn

COATS VIYELLA is finalising plans to renew its bid for Tootal, its fellow UK textile group, having received clearance for the bid from the European Commission. But Coats is expected to mount its new bid at a significantly lower price than the £395m originally

Sir David Alliance, chairman and chief executive of Coats, said the Commission's decision meant the group had received "all the necessary clearances" to go ahead with the bid. The Commission based its

decision on the proposals for a common mergers policy, which were thrashed out by ministers on Thursday. The proposals

MBS in merger

companies yesterday said discussions were taking place which may or may not lead to a merger of the two groups." Neither Mr Owen Williams,

chairman and chief executive

of MES, nor Mr Bob Wood-land, managing director of

Ferrari, were prepared to com-ment further on the statement

MBS, which turned over

£116.2m in 1988, has been looking for a buyer since

heavy losses caused by flerce price competition in the per-

sonal computer business resulted in a £14.1m loss last

year and forced substantial

restructuring.
The core product sales division was sold earlier this year

leaving MBS as a maintenance

and computing services com-

pany. In the six months to July 5 1989 it turned over £8m

with a pre-tax profit of £1m.

USM-quoted Ferrari Hold-

der. It has been growing rapidly through an aggressive

strategy of mergers and acqui-sitions. The chief aim of that

strategy has been to build a

substantial business in third

party computer maintenance (TPM), the provision of "one

stop" engineering services to

from a variety of computer manufacturers.

The aim, according to Ferrari's financial adviser Singer-Whittaker, is to build a

TPM business of a size to chal-lenge the UK market leaders

Granada Computer Services

and Olivetti. TPM is seen as

one of the fastest growing and most profitable areas of the

computing services market-

In the past few months Fer-rari has acquired the comput-

ing services companies UCL.

Telecomputing and Blue Chip

panies was little affected by the announcement. MBS

The share price of both com-

closed 1p higher at 23p, while Ferrari closed at 81½p, up ¼p.

£56m turnover.

discussions

By Alan Cana

last night.

with Ferrari

have not yet been formally adopted, but are expected to be ratified at a Commission meeting late next month.

This is the first time the Commission has taken a decision on a merger, based on policy which has not yet been finally agreed. It cleared the merger on the grounds that over two thirds of Coats and Tootal's combined turnover

was in the UK.
Coats agreed terms for its
original £395m offer for Tootal last May. The bid lapsed while it was investigated by the Monopolies and Mergers Commission. Last month the MMC gave Coats permission to proceed providing it sold its consumer thread business in the Coats has now completed

discussions with the MMC on the details of the disposal. NM Rothschild, the merchant bank, is soon to circulate the Sir David said Coats had

already received "a number" of approaches from prospective purchasers. The business, the consumer thread operation within Coats Leisurecraft, has sales of £2m. Coats made worldwide sales of £1.85bn last

Once the disposal is completed Coats plans to renew its bid. But the condition of the UK textile industry has deteriorated significantly since it unveiled its first offer. Tootal recently reported static pre-tax profits of £19m on sales of \$254m for the six months to July 31. Analysts have downgraded their profit forecasts for the full year from over £40m to less than £35m.

It is expected that Coats, which already owns 30 per cent of Tootal, will pitch its new bid at a substantially lower price. It is thought that Coats could offer around 100p a share, against the 138p offered in May. This would value Tootal at about £285m.

Tootal's shares were static at 111p yesterday, as were Coats'

Another US buy for Attwoods

By Peter Berlin

ATTWOODS, the waste disposal specialist, is increasing its presence in the growing US waste recycling industry MBS, cnce the UK's largest personal computer dealer, and Ferrari Holdings, the acquisiwith the acquisition of Mindis Industrial Corporation for a maximum consideration of tive computing services com-pany, are at an advanced stage in merger talks.

A statement issued by both

Mindis reprocesses glass, netal, paper and plastic waste. It operates a network of facili-ties in Georgia, Tennessee, Ala-bama and Florida which include 11 reprocessing and recycling plants, 21 satellite stations and a warehouse. Mr Ken Foreman, chairman

and chief executive of Attwoods, said his company would be able to feed in waste

from collection contracts it has or may win to Mindis, rather than send it to a third party.
Attwoods is making an initial payment of \$18m, of which \$3m will be cash and \$15m will be covered by the issue of 2.2m ordinary shares. To meet the cash element and to raise a further £8m to reduce the indebtedness of Mindis, Attwoods is placing 2.4m new ordinary shares. On the stock market yesterday the shares gained 2p to 440p.

The balance of the consideration will be paid over four

ation will be paid over four years and is profit-related. Mindis made pre-tax profits of \$1.6m in the year to Febru-

ary and at that time had net assets worth \$2.2m. Attwoods predicts that Mindis will make profits of \$3.7m in the 17 months to July 1990.

Attwoods has been expand-ing its US operations with a series of acquisitions. In July it paid \$57m for waste disposal operations in Florida owned by Laidlaw Transportation, a Canadian group which holds a 34 per cent stake in Attwoods. It paid \$16.2m for Eastern Waste in April 1988. It also has two purchases awaiting approval by the state of New Jersey: Atlantic Disposal, for \$19m, and National Waste Disposal, for \$30m.

VSEL's £12m pleases market

VSEL Consortium, the defence contractor which makes Britain's Trident-carrying sub-marines, more than doubled its pre-tax profits from £5.6m to £12.1m in the six months ended

September 30. This was better than the market expected, and the shares rose 19p to 425p. The pre-tax rise came as the

company started recognising profits on the second Trident project. The effect was amplified as the comparative figures were adversely affected by a 12-week strike at the main plant at Barrowin-Furness Activities discontinued or to be discontinued lost £5m on ings, with sales of more than £50m, is backed by the mer-chant bank Singer & Friedlanplant at Barrow-in-Furness,

. Cumbria. Interim dividend is increased to 4.5p (3p), partly to redress the balance with last time's 11p full-year payment. Earnings per share increased to 30.8p (14.7p). Tax took £1.14m (£357,000). VSEL expects to receive the

Clyde Blowers

leaps to £0.3m

Ministry of Defence by the end of the financial year. A fourth

Mr Noel Davies, who became chief executive in September, joining from the 600 Group, said yesterday he saw the task ahead as being to identify, and eventually carry out, a pro-gramme of diverting some of the cash generated by Trident into non-defence activities.
"But there is no need to rush at it," he said.

Turnover rose at £245.31m (£125.25m) during the half-year, and the order book stood at

O COMMENT

On current year profits fore-cast of some £27m, VSEL's shares stand on a prospective p/e of less than 6.5. There are various reasons for this including general concerns about the effects of easing of tension defence sector, the more or less one-product nature of the company, and the inevitability of rising tax charge. Recent unsettling factors have been boardroom resignations as the reshuffling took place, and the failure to materialise of a Canadian submarine contract. However, analysts are looking for a re-rating of the shares. UK naval spending, it is argued, should be the last to be argued, should be the ask to be affected, and may even be enhanced, by defence cuts. The formula by which VSEL takes Trident profits means their size will become more and more visible, and earnings about the advancing standed. should be advancing strongly in the early 1990s despite the rising tax charge. On this view, VSEL is a one-way bet: either its shares will go up in their own right or, despite the golden share provisions, the company will be snapped up by

Metsä-Serla lifts stake in UK Paper to 2.15%

Clyde Blowers, the manufacturer of soot-blewing equipment, all but doubled pre-tax profits from £141,000 to £280,000 in the year to August METSA-SERLA, the Finnish forest products group bidding 330p a share for UK Paper, dis-31. Turnover rose from £3.66m to £4.02m, leaving operating profits at £99,000, against closed yesterday that it had increased its stake in the comlosses of £44,000 last time. After tax almost trebled at pany to 2.15 per cent, 1.715m shares, through the purchase on Thursday of 1.465m shares £102,000 (£35,000), earnings increased 68 per cent to 17.8p at 330p each. Goldman Sachs Equity Secu-

An unchanged final dividend of 6.32p has been recommenrities (UK) was also buying shares on Thursday and has ded for a same-again total of 7.15p. built up a 1.94 per cent stake. On Thursday it bought 450,000

shares at prices between 329.7p and 330.7p. The broker said those were bought for its own Analysts suggested that

Goldman Sachs could be looking for a higher bid from Metsä-Serla or from another company. Many stockbrokers feel that UK Paper is worth more than the 330p a share being offered. The shares closed up 1p at 331p

Leigh slows with 15% advance to £3.48m By Richard Tomkins,

Midlands Correspondent

A COMBINATION of difficulties with site licences and sharply higher debt charges slowed the recent high profits growth at Leigh Interests, the West Midlands-based waste disposal group, in the six months to September 30.

In spite of contributions from a continuing stream of small acquisitions, the pre-tax figure moved ahead by 15 per cent from £3.03m to £3.48m. an advance that compared with 46 per cent at the last full

Earnings per share were also ahead by a relatively modest 10 per cent at 7.7p (7p), and the interim dividend is raised in the same proportion

to 2.22p (2.02p).
Turnover rose from 224.17m
to 230.4m, with about half the
increase reflecting first-time contributions from acquisitions and the rest coming from existing operations, mainly as a result of price increases. Delays in winning planning consents and site licences for

new operations and appeals on existing ones meant Leigh was sometimes unable to tender for new business, and with existing contracts, it incurred extra costs in transferring waste from site to site.

The pre-tax figure was also hit by an increase in the debt charge from £170,000 to

Mr Malcolm Wood, chair-man and chief executive, was nevertheless optimistic about the outlook. Planning consents were beginning to come through in some areas, he said, and with more contributions from acquisitions emerg-ing, he expected a further improvement in the second

• COMMENT

Ten per cent earnings growth is nothing to be ashamed of in the present industrial climate, but other companies achieving similar levels may regard Leigh's share price rating with envy: on expectations of £7.5m pre-tax this year, the prospec-tive p/e at yesterday's 295p is nearly 19. Partly this anticipates an increase in earnings growth to 15 per cent at the year-end, but mostly it reflects the market's apparently unshakeable faith that waste disposal generally is a boom sector immune to any down-turn in the UK manufacturing sector. The market may be restoration of earnings growth restoration of earnings growth deserving of the current rating looks heavily dependent on the planning permissions still outstanding. Even supposing the decisions are favourable, they could be a long time coming: one consent Leigh obtained in the Leeds area recently had been eight years under appeal.

Hay & Robertson

Hay & Robertson made a pre-tax profit of £21,874 for the year to May 31 against £10,235 loss on £411,600 (£356,600) turnover. Earnings 0.029p (loss 0.087p). Lest time there was a £75,755 extraordi-nary gain. Figures were trans-posed in yesterday's FT.

Barclays disposes of 'non-core' US subsidiary for \$150m

By David Lascelles, Banking Editor

BARCLAYS HAS agreed to sell its US consumer lending and instalment credit subsidiary for \$150m (£95.85m) to Primerica, a financial services and

The sale marks a further retreat by UK banks from the US market. Many have suffered severe losses there since they embarked on a wave of expansion in the late 1970s. BarclaysAmerican Financial

has receivables of about \$1.3bn. Based in Charlotte, North Car-olina, it has a staff of more than 1,000 and maintains about 220 offices in 29 states. The sale price represents a premium of about \$50m over the subsidiary's asset value.

Barclays said last night that

the business was not "core" to its US operations, which are now focused mainly on the corporate market. Earlier in the 1980s BarclaysAmerican Financial suffered considerable losses and forced Barclays to take remedial action.

The business being sold represents about one third of the assets of BarclaysAmerican Corporation, the bank's US financing arm which engages in leasing, factoring, mortgage and commercial banking. Following the sale, Barclays' US operations will consist of the bank's corporate business, the remainder of BarclaysA-merican Corporation, and Bar-

has about 60 branches. Barclays had earlier sold its California banking subsidiary.

The sale follows a major review undertaken by Barclays to re-target its worldwide

clays Bank of New York, which

well-identified core businesses. and sell off those which did not

fit this scheme. Mr Robert Lipp, chairman of Primerica's Consumer Services, said the purchase would expand his company's consumer lending operations, providing a national scope through the addition of seven new states, including key West

Coast markets. In the last four years, most major UK banks including Barclays, Midland, Lloyds and clays, Midiand, Lloyds and Standard Chartered, have sold substantial parts of their US operations as their earlier ambitions of developing a large US presence proved impossible to realise. Only NatWest has pursued its expansion, though it too indicated recently that the pace might slow.

Monotype agrees £32m US bid

MONOTYPE CORPORATION, manufacturer of typesetting and pre-press equipment since the days of hot metal presses, has agreed to be bought by King, Black & Associates, a US

investment group, for £32m, writes John Ridding.
The US group, which is mak-ing the hid through Pointplus, a newly-formed vehicle, is offering 150p cash for each Monotype share. It has acceptances representing just over 3 per cent of the shares, which yesterday climbed from 110p to

155p.
Monotype, which was founded in 1897 but obtained a full market listing only last year, fell into loss during 1988. In the 15 months to the end of March 1989 it reported a pre-tax deficit of £1.4m, compared with profits of £4.85m in 1987. The downturn reflected poor demand for its Lasercomp page composition equipment and increased competition from larger competitors. Trading has since improved, and orders worth more than £23m bave been won since March. But a loss is still anticipated for the

Monotype Share price (pence) 1988

half year to the end of September and analysts have been expecting moves towards a

The proposed acquisition is the first move into the UK by KBA, which provides technical support and capital to a variety of technological companies. The partnership's funds total approximately \$100m (£64m) and it already has a substan-

tial presence in the US printing industry.

Mr Richard Black, KBA's chairman, said that Monotype chairman, said that inductyle had a very strong reputation at the quality end of the typesetting market and that KBA would build on its reputation through aggressive marketing and product development, particularly in the US.

The US company says it has "a strong investment record in the printing sector and will be able to offer Monotype a signif-icantly stronger financial base from which the group's techno-logical lead can be better

KBA argues that shareholders accepting the offer will receive an increase in capital value of 36.4 per cent over the market price on November 22 and an 8.8-fold increase in income compared with the dividend for the period to the end of March 1989.

It said that the offer would not be increased, but might be revised should a competitive

Heading for calmer waters

John Ridding on one of the grand old names of British printing

INCE ITS formation at the end of last century, Monotype has helped transform type setting and pre-press technology beyond recognition. Hot metal has given way to hi-tech, as the tronic production.
On a number of occasions

Monotype's survival has been in doubt. Two rescues were necessary between the mid-70's and mid-80's as the company struggled to adjust to changing technology and financial prob-

lems.

Now, as the pre-press industry consolidates and competition intensifies, one of the grand old names of the British printing industry is close to surrendering its ownership to

Monotype's first factory, which was set up in Surrey in 1901, manufactured automatic hot metal type composing equipment for letter press. This equipment, which produced every letter of print in a single slug, was used princi-pally in the production of books and commercial documents. Linotype, by contrast, where whole rows of type were cast, was used mainly in the production of news

papers.
"The roles are now reversed"
notes Mr Roger Day, who has
been Monotype's chairman
since 1934. "Our typesetters are

now used largely in newspaper production, where the trend has been towards increased flexibility and the use of graphics. Linotype tends to be used for more commercial and book printing."

too has the equipment. Whereas Monotype's original machines were effectively mini-foundries producing indi-vidual characters, its latest machines, used by many UK national daily newspapers are based on computer programmes and allow pages to be

created electronically. The financial course of the company over recent years has been no less turbulent. The group was close to collapse under heavy debts when it was rescued by the National Enter-prise Board and Barclays Bank in 1978. But financial problems emerged again in the early 1980's and in 1988 a second rescue, by three city institutions

was necessary.
After a trend of improving profits, peaking at almost £5m in 1987, the outlook again took a turn for the worse. Flerce competition from larger competitions and a slowdown in orders for the group's Laser-comp range returned the group to losses, particularly in its US

operations.

The importance of the US

offer from King, Black & Associates. "North America represents approximately half the world market" says Mr Day "and we haven't yet estab-lished a presence in commer-cial printing or the

range."
Monotype's typesetting technology will fit well with KBA's existing portfolio of printing business which include the manufacture of electronic cameras for printing and software for newspaper and magazine layout. But the US company has no presence in typesetting and is looking to fill this gap through the acquisition of

Monotype.

Mr Richard Black, KBA's chairman, said that the group intends to exploit the UK conpany's technology and to expand into new business areas in the US. These include magazine and commercial printing and the growing mar-ket for in-plant printing by US

For Monotype, the proposed acquisition will bring the marketing strength and financial stability which has eluded it stability which has eluded it over recent years while keeping its businesses intact and independent. If the offer is accepted, it will also mean the departure of the last quoted UK printing equipment company to the calmer waters of the private sector.

Audio Fidelity £2.3m rights By Ray Bashford

manufacturer of loudspeakers, through the issue of 25.7m shares. If approval for the deal is granted, York Trust which has underwritten the rights

AUDIO FIDELITY, the sound equipment and consumer products group, may be unable to meet bankers' requirements to reduce substantially its borrespings and is attentible to up to 80 per cent of the enlarged capital. entitled to up to ou per cent or the enlarged capital.

The company said losses in the year to June 30 have been calculated at £5.6m against

pre-tax profits of £499,000 in the previous 12 months.

The failure to control costs, lower sales and higher promotional costs at the Billys Music

subsidiary was a major factor behind the loss. The company plans to sell Billys Music.

The rights issue is on the basis of five new shares for every three held at 11p per chara creating 25 24m shares. share, creating 25.24m shares.

Approach to City and Westminster

City and Westminster Group, the financial services company headed by Mr Andrew Greystoke, announced late yesterday afternoon that it had received an approach which could lead to certain directors purchasing the issued share capital of the City and Westminster Financial subsidiary.

It added that a further announcement would probably be made on Monday.

be made on Monday.

Mr Greystoke, who is among the directors involved in the buy-out, said the further announcement would be designed to give shareholders "an idea of where we're

Power Corpn I£41m cash call By Peter Berlin

a further interest in Two Rodeo Drive, a commercial development in Beverley Hills, California.

every five shares held, creating

34.5m new shares of 10p each. Power shares unchanged at 182p. closed

The group has recently entered into agreements to buy a nearby property on Rodeo Drive and properties in London and Dublin. Earlier this year it acquired a stake in the Ambassador Hotel site in Los Angeles and bought the Rhinelander Mansion in New York for

\$43m. It made a rights issue of Figure 15 to been underwritten but the group has irrevocable undertakings for 49.57 per cent from the directors and large shareholders. Canada Life Assurance intends to take up a further 5 per cent of the issue.

Little credit is gained from unreliable information Nikki Tait on Peter de Savary's mbo bid and the consequent shareholder confusion

igher interest rates and some burnt fingers may have dampened enthusiasm among potential backers of leveraged manage many have tide but for the late of the late o ment buy-out bids. But for the recipient shareholders, those recipient snareholders, those deals which keep coming are proving no happier.

This thorny issue – centring largely on the adequacy of information supplied to shareholders – has bubbled up again over Mr Peter de Savar-

Participants into the private sector.
Institutional unease surfaced in the wake of a 200p-a-share cash offer earlier this month from Cornwall Trust, a private vehicle controlled by the flamboyant yachtsman entrepreneur. Mr de Savary has countered with a tour of anxious shareholders, explaining his

's £72.6m bid to take Highland

case.
And, as the offer heads for its first close later today, it seems that some of the larger investors, if hardly reassured, have been persuaded that their interests will not be best served by holding out. Advisers say they are fairly confi-dent of a high level of accep-

That said, the entire affair offers little credit all round. Like many previous mbo bids, the problem is one of correct valuation - and Highland has proved particularly diffi-

cult in this respect.
Once an oil exploration tiddler traded under rule 535(3). the company became a shell for Mr de Savary and his asso-ciates in early 1987. It took over Appledore, a listed ship repair business which owned freehold land at Falmouth

erty interests around the UK; and then, 16 months ago, acquired from BP a 999-year leasehold interest at the Isle of Grain, in Kent. The plan was, and is, to build a container and bulk handling terminal. At the time, Highland said the cost of the land (£12m) and

the construction of the first

berth and container park would be around £40m, and that the first berth would become operational in 1990. Mr de Savary added that the Isle of Grain could contribute up to £20m to Highland's pre-tax profits – it contributed less than a quarter of that figure last year - by 1993. With these costs in view, Highland raised about £42m from shareholders via a rights

issue at 230p a share.

It subsequently continued to expand, most notably with the acquisition of Southampton (Eastleigh) Airport. This was bought for a nominal £2 but also involved the assumption of almost \$50m of liabilities. Highland's shares, having topped 250p, started to flag last March and April. Nevertheless,

a research note from the company's own brokers, Charterhouse Tilney, was unreservedly bullish in late May. It suggested that the Isle of Grain should open in December 1989; that group net asset value was 340p after tax; and it advised investors to buy on the grounds of "good long-term

Moreover, when the interim figures came out in late September, profits and earnings were sharply improved. This, said Highland cheer-"reflects a strong

advance from both land and maritime divisions". It went on: "In principal areas of their business, trading in the second half year is continuing to prove satisfactory and group profit for the year should fulfil initial expectations.'

Peter de Savary: tour of anxious shareholders to explain his case

It is these two points which, not unnaturally, have upset some institutions.

A mere six weeks after the interims and six months after the Tilney circular, they have been confronted by an offer at a discount to the rights subscription price, have seen a downgrading in the valuation of the Southampton airport site by a firm of external surveyors, and have been told of cost overruns on the Isle of

On the last score, the costs of "Phase I" are now put at around £60m - a 50 per cent increase. The management team, headed by ex-EuroFer-

ries chairman Geoffrey Parker, has offered to buy out the project, including an underlease on the bulk of the site (minus 30 acres), for the sums spent by Highland to date plus a £3.5m premium. A less controversial issue, this mbo gained share-holder approval this week. That, however, does not

answer the queries on the Highland buy-out itself. Mr de Savary's explanation has been that, at the time of the interim statement, he did not wish to jeopardise the deal's prospects (although it is not quite clear why they should have been damaged) by being more specific about some of the facts which have now emerged; that advisers were consulted; and that some of the information came to light via the due diligence process any-

Meanwhile, Tilney defends its circular by saying simply that circumstances today are yery different from those at the time of writing, particularly where the valuation of property-related developments, dependent in some cases on planning consents, are con-

As for assessing the prices offered for both Highland and the Isle of Grain project, share-holders may find that the bid document's help is limited.

There is a pro forma net asset value of £55m given for Highland – after the Isle of Grain sale but before taking account of current year trading. Furthermore, surveyors have said that a valuation of the Isle of Grain project was effectively impossible, while valuations of the retained Isle of Grain land plus Southampton airport are suitably hedged.

Perhaps, given the uncer-tainties and subjectivity of some of the assessments involved, it is not surprising to find a number of shareholders

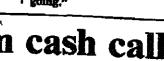
resigned.
"I think there's dissatisfaction, certainly," commented one fund manager, "but the market in these smaller, speculative companies has got pretty bleak, so you could see the price fall back quite sharply. "In this case, it's very diffi-cult to know what the values are: any valuer is going to take a conservative view these

The pity is, perhaps, that all the potential caveats could not be attached somewhat earlier in the day. Information, as ever, remains a fraught sub-iect.

reduce substantially its bor-rowings and is attempting to prop up its financial position through a £2.3m rights issue. In a statement released after the close of stock market trad-ing yesterday, the directors said that after a "serious" ero-sion of the group's capital base it was essential to raise addi-tional funds

tional funds The directors are also pro-posing to acquire Wharfdale, a

Trading is suspended in the shares at 21p.



POWER CORPORATION, the Dublin based property devel-oper, plans to raise 1£40.8m (£37.9m) in a rights issue to fund acquisitions including of

The issue will be on the basis of two rights shares for

Highs and Lows Index

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Scottish Young Conservatives two-day confer-ence opens in Peebles. Ministers from the European Community and 12 developing countries most in Brussels to finalise new Lome aid and trade agreement between EC and 66 developing countries in Africa, Caribbean and Pacific. Organisation of Petroleum Export-ing Countries Ministerial conter-

ing Countries Ministerial conter-ence opens in Vienna: TOMORROW: Swiss national ref-erendum on abolishing the army and on raising the speed link. MONDAY: CBI monthly trends enquiry for November. European Community general affairs coun-cil starts two-day meeting in Brussels. President of South Korea starts visit to UK (until November 30). British trade dele-gation files to Arcentina. Mr Chrisgation files to Argentina. Mr Chris Patten, Environment Secretary, Patten, Environment Secretary, speaks at Town and Country Planning Association annual conference, Labour Party statement on Invest in Tomorrow education campaign. Countryside Commission statement on new national torest in the Midlands. Manchester City Council statement on offsets of privatestian Royal. effects of privatisation. Royal Institution of Chartered Surveyors inner city awards. Critics' Circle film awards. Picasso painting estimated to sell for £10m at

Christle's auction.
TUESDAY: NATO Defence Ministers start two-day defence planning committee meeting. Brussels. EC environment council meets in Brussels. World Travel Market exhibition opens at Olympia (until December 1). High Court challenge to Mr Peter Palumbo's City of London redevelopment plan. Health Education Authority's statement on five-vear national statement on five-year national strategy for better health. House of Lords select committee on sci-

Banque Beige Ltd ... Banclays Bank ark Bank PLC...

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 CL Bank Nederland

WEDNESDAY: Bank of England WEDNESDAY: Bank of England publishes figures for London sterling certificates of deposit (October); Bill turnover statistics for October; Monetary statistics for October Including bank and building society balance sheets; Sterling commercial paper (October). Department of Transport Issues figures for new vehicle registrations in October. Oversees travel and tourism figures for Sectemand tourism figures for September from Department of Employment. Mr Mikhail Gorbachev, President of USSR, starts visit to Italy (until December 3). House of nons agriculture commi commons agriculture committee thearing on salmonella in eggs. Mr David Hunt, Local Government Minister, speaks at Society of Local Authority Chief Executives annual conference. Mr Lech Waleea, leader of Polish Solidarity union, visits UK (until December 3)

THURSDAY: Department of Energy publishes Energy Trends for September. Sale of Picasso's Les Noces de Pierrette in Paris expected to set new world record

expected to set new world record for a painting. EC social affairs council meets in Brussels. Mr Walesa lunches with Mr Douglas Hurd, Foreign Secretary. Mrs Virginia Bottomley, Health Minister, speaks at better health symposium. National Portrait Gallery statement on develoment plans and appeal.

FRIDAY: CSO company liquidity survey for third quarter. Mr Walesa meets CBI representatives. Financier Mr Peter Clowes appears on remand at Guildhall Magistrates Court. National Alliance of Women's Organisations launched, Mr F.W. de Kierk, South African President, scheduled to travel to tvory Coast for talks. European Commission book 1992 and Beyond* published (available from HMSO).

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oogoveus P LNFC		283	9.50 0.70	198	10.50	İ	13.20 3.30	FI. 81.50 FI. 46.10	67 Insurance (Brokers) (7)
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NP C	F1.50	245	2.10 1.50	119	3.30	40	1 1	FI. 49.30	69 Property (49)
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at.Med. P	F1.70 F1.70	629 89	1.78	14	1 2 60	20	1570 1	Fi. 69.70	91 Overseas Traders (7)
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	TO	TAL VOL	UME IN	CONTRA	CTS : 31	202			
	A=Ask	B=		C~Call		Pet			FIXED

BANK	RETURN		
BANKING DEPARTMENT	Wednesday November 22, 1989		Increase or rease for week
LIABILITIES	2		Ē
Capital	14,553,000		
Public Decoalts	239,262,730	+	184,989,590
Bankers Depoetts	1.824.209.250	+	48,301,313
Reserve and other Accounts	1,741,238,907	-	585,097,207
_	3,619,263,887	-	351,806,304
ASSETS			
Government Securities	1,580,544,042	-	45,982,492
Advance and other Accounts	\$77,881,248		
Premises Equipment & other Secs	1,474,848,262	+	240,613,344
Notes	5,983,552	-	5,672,524
Coin	196,783	-	257
•	3,619,263,887	-	351,808,304
ISSUE DEPARTMENT			
Notes in circulation	15.124.006.448	+	55.572.524
Notes in Banking Department	5,993,552	-	5,572,524
	15,130,000,000	+	50,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,486,668,810	+	15,656,263
Other Securities	2,552,316,090	+	34,343,737
· -	15,130,000,000	+	50,000,000

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FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

index No.

index No.

index No.

Friday November 24 1989

Est. Gracs Est. P/E xd adj.
Day's Yield% Yield% Ratio
Change (Max.) (Act at (Net) to date

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bremnerfin	nil		nil	nil	0.254
Clyde Blowersfin		-	6.32	7.15	7.15
Leich Interestsint	2.221	-	2.02	-	6.22
Horan Holdingsfin	nil	-	2	1	3
VSEL Consortiumint	4.5	Jan 15	3	-	11

Dividends shown pence per share net except where otherwise stated. "Equivalent after allowing for scrip issue, tOn capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. •Third market. •For 16 months.

No. 000004 of 1980 DI THE HIGH COURT OF JUSTICE

SH THE MATTER OF

THE COMPANIES ACT 1985

NOTICE IS HEPESY GIVEN that a Petition was on 7th November 1969 presented to Her Isajesty's High Court of Justice for the confirmation of the reduction of the capital of the above-semed Company from \$1,200,000 divided into 1,200,000 Ordinary Shapes of \$1 each to 1298,802 divided into 298,802 Ordinary Shapes of \$1 AND NOTICE IS FURTHER GIVEN that the

Company desiring to oppose the traiting of an Order for the confirmation of the said reduction of ceptal should appear at time of freezing in parson or by Counsel for

IN THE HIGH-COURT OF JUSTICE CHANCERY DIVISION

No 00 7168 1989

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IN THE MATTER OF

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European Assets Trust

31st October 1989 DFI 8.44

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Interim Results 1988/89

Well balanced for the future

Half yea 30th Sea		Year ende 31st Marc
1989	1988	1989

Profit before tax **£13.2m** £13.5m £33.9m Earnings per share 14.2p . 15.4p 38.6p Dividends per share 6.6p 6.0p 20.5p

●Good progress in Shipping and Engineering off-set the weather-related deterioration in Fuel Distribution and Bulk Liquid Storage. Excluding the abnormal Fuel Distribution results, trading profits

advanced 171/2%. The evident strengths in our Shipping, **Engineering and Construction Materials** businesses augur well for the future and the return of normal winter weather conditions should counteract the impact of any further economic downtum.

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Preliminary results (subject to audit)

31.10.89 31.10.88 Net Revenue before tax £339,415 £311,283 Dividends per Income share 7.80p 6.95p Net Assets per Valuation £3,841,393 £3,953,427 Net Asset Value per Income Share

42.11p 15.54p 41.98p 16.24p

Second Interim Dividend in lieu of Final of 5.25p per Income share, making 7.80p per share for the year (6.95p per share) payable 29th December 1989 to shareholders registered 7th December 1989.



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INTERNATIONAL COMPANIES AND FINANCE

Groupe Victoire holds partnership talks with Baltica

By George Graham in Paris and Hilary Barnes in Copenhagen

GROUPE VICTOIRE, the ing, from a Danish mutual French insurance company taken over this summer by the Suez financial conglomerate, is continuing its breakneck rush to create a giant European insurance network with discussions on a major partnership with Baltica Holding, the leading Danish insurer.

Victoire agreed earlier this year to acquire Colonia, West Germany's second largest insurance company, for around FFr12bn (\$1.94bn), and announced earlier this month that it was in advanced discussions on the acquisition of Nieuw Rotterdam, the fifth largest insurer in the Nether-

At the same time, Suez is negotiating with a number of insurers on the sale of up to 49 per cent of Victoire, in which it has owned 100 per cent since winning a takeover battle in

the summer. Union des Assurances de Paris, the leading French state insurance group, appears to be the most strongly placed, and is eager to take at least 33.4 per

The negotiations with Baltica may, however, pit Suez once again against Mr Jean-Marc Vernes, the financier who controlled Victoire until he lost the takeover battle to Suez in

September. Société Centrale d'Investissement, controlled by Mr Vernes, declared in October that it had bought more than 10 per cent of the shares of Baltica Insurance, the 82 per cent-owned operating arm of Baltica Hold-

Mr Vernes could not be contacted last night, and it was unclear whether he was aware at the time of his purchase of

Victoire's talks with Baltica. Neither Victoire nor Suez, its parent company, would give more details of its plans with Baltica, but it is understood that the talks centre more or co-operation accompanied by an exchange of shares. An outright acquisition is thought most unlikely, but some analysts believe Suez plans further acquisitions in other European

Victoire's stream of deals has raised a number of ques tions among insurance specialists, who doubt whether the French company will be able to win a satisfactory return on its

Traditionally a conserva-tively managed insurer, with heavy reserves and a high quality client base, Victoire is expected to have difficulty imposing its philosophy on Colonia, which at the moment has low profit margins.

Suez's French investment banking rival Paribas is present in Denmark through an agreement with Hafnia, the second largest Danish insurer, with which it has exchanged small share stakes. Baltica made its first international splash last spring when it bought a 10 per cent stake in Hambros Bank of the UK and established contacts with the three other major shareholder groups in Hambros

Esselte's profits tumble by 44% in third quarter

By Robert Taylor in Stockholm

ESSELTE, the Swedish office automation and supplies group, reported worse than expected results yesterday with a 44 per cent decline in its third-quurter profits, after financial items, to SKr61m (\$9.5m) from SKr110m. Earlier in the year the com-pany said that it believed its

performance during the second half of 1989 would turn out to be better than in the first half. Yesterday Esselte said its results for the whole year were now not expected to be up to the level of 1988, though it still forecast a rise of around 15 per

cent in its sales figures. Esselte recorded a 9 per cent fall in its profits, after financial items, to SKr466m from

by 17 per cent to SKr11.69bn from SKr9.98bn. Mr Hans Larsson, chief exec-

in the advertising industry for office products as well as Esselte's decision to invest in new products such as graphic design software. The group had also been forced to spend more on its

pay-TV operations in the face of severe competition. Results in the office supplies

North America.
Esselte also reported continuing growth in the business systems unit in Sweden and market remained weak.

The information systems

utive, said the disappointing performance was due in part to a decline in demand worldwide

business had improved despite weakening demand, with a strong recovery reported in

Finland, though the Norway division also reported a rapid and profitable expansion in the area of data-based business information services

COCOA - London FOX

Maxwell bids \$250m for half

By Eric Silver in Jerusalem

of Clal

MR ROBERT MAXWELL, the British publisher, branched out this week with a \$250m bid for a 50 per cent stake in Clal, Israel's second biggest con-glomerate with holdings in textiles, electronics, industry, property, insurance and

finance. Clal, which is traded on the Tel-Aviv stock exchange, is controlled by two of Israel's big three banks, Discount and Hapoalim.

Mr Maxwell, whose previous Israeli investments were in in a newspaper, Ma'ariv, the inno-vative computer graphics firm Scitex and the Teva pharmaceutical manufacturers, told Israel army radio on Thursday: "The Israeli economy is one of the best for medium and long-term investments, and that is why I invest in it, not just because I am a Zionist."



Robert Maxwell: 'Israeli economy is one of the best'

attractions was its free-trade agreement with the US, he added. Clal, he said, was a well-managed company, but needed foreign investors to improve business with Europe

and the US.

Discount and Hapoalim at first rejected the offer, but a spokesman for Mr Maxwell said that negotiations were

continuing.
Earlier this week Mr Maxwell surprised the Tel-Aviv media world by appointing Israel's most successful editor, Mr Dov Yudkovsky, to head his Mirror Group operations Mr Yudkovsky had been

forced by a boardroom battle to resign from the evening paper Yediot Aharonot, which he had built up over 40 years to be Israel's best-selling daily with weekend sales of 500,000. Mr Maxwell has denied any intention of making personnel changes at the top of Ma'ariv, Yediot Aharonot's struggling rival, of which he owns 30 per cent, but he is not expected to stand still.

LONDON METAL EXCHANGE

Previo

m, 99.7% purity (\$ per tonne)

Sir Ron puts his stamp on Stanley Gibbons

By Terry Hall in Wellington

SIR RON BRIERLEY, the New Zealand entrepreneur, is going back to his first job, stamp dealing, in his retirement.

dealing, in his retirement.

As a schoolboy at Wellington college, Sir Hon (pictured right) made a name for himself as a successful stamp trader among his fellow pupils. Last night it was disclosed that he is to buy in a personal capacity a 37.5 per cent shareholding in the Australian subsidiary of Stanley Gibbons. the British stamp group.

Mr John Mowbray, an old friend and stamp dealer, is to buy the other 12.5 per cent.

The company is expected to

Sydney after his decision two months ago to resign as chair-man of the international group of companies which includes Brierley Investments and Industrial Equity Pacific.
It is expected that the Australian company might invest in other areas and opportuni-

become a hobby business for

Sir Ron, who is retiring to

A\$150,000 and Mr Mowbray A\$50,000 into the business by buying its B

ties apart from stamps, and Sir Ron will play a key role in its direction. He is investing

stantial capital for a stamp business and suggests that Sir Ron intends it to be a significant force.

Sir Ron, who is in his early fifties, has had a lifetime love affair with stamps, and reported to have major accu-mulations in Britain, Austra-lia and New Zealand which he steadily adds to. He is believed to upgrade his collection regu-larly by weeding out inferior stamps and selling them at auction to buy better versions. Sir Ron displayed an inter-est in the stamp business this year when, as chairman of IEP, he bought 29.86 per cent

of the shares in Stanley Gib-

bons.

The deal to buy the 50 per cent share in the Australian subsidiary was taken to help capitalise debt it owed the

London parent.
Sir Ron's decision to take an active role in the Australian company, which operates as a dealer and auctioneer in stamps, answers some of the questions about what he will do in the future following his surprise decision to retire as chairman of Brierley Investments, the company he founded and controlled from



GM lowers

Isuzu Motor

GENERAL MOTORS, the premier US motor group, has reduced its shareholding in Isuzu Motor of Japan through the sale of 20m shares for Y19.72bn (\$137m), AP-DJ

reports.
GM is reportedly planning to

stake in

Futures default costs Westpac NZ\$10m

By Terry Hall in Wellington

WESTPAC BANKING Corporation yesterday confirmed it has lost NZ\$10m (US\$5.9m) in the second major default facing the New Zealand Futures Exchange this week. On Tuesday, Jordan Sand-man Futures, a subsidiary of Melbourne stockbroker

J.B. Were, refused to make good a NZ\$5.7m margin call by an unidentified London-based

On Thursday, Westpac found itself in similar difficulties but wrote a cheque for its client's unpaid bills, averting a possi-

By lan Rodger in Tokyo

CONSOLIDATED NET income

strucion equipment concern,

sales of Y420.1bn (\$2.91bn), up 13.4 per cent, in the six months ended September 30, 1989. The trend of these results

shows little variation from

those of the parent company, issued three weeks ago, reflecting the success of the

domestic businesses at a time

when Japan's economy is booming: Consolidated domestic sales

of construction equipment

were up 13.5 per cent to Y172.3bn while overseas sales

By Jim Bodgener in Ankara

PLANS for a large car

ssembly plant near Izmir in

assembly plant hear izmr in Turkey producing both Peu-geot and Citroën models are being considered by Turkey's central State Planning Organi-sation. A decision on the plant, which eventually could pro-duce up to 100,000 cars annu-

ally, is expected by the end of

Peugeot is planning the proj-

ect - which is understood to

involve investment of \$200m -

with the UK's Polly Peck Inter-

the month.

rose 36 per cent to Y13.3bn on

ble collapse. Westpac said it would absorb the loss as it had total assets of NZ\$10.8bn. Westpac's defaulting client is believed to be the same Lon-don-based company that was unable to pay Jordan on Tues-

day.
Westpac said it had bought futures on behalf of a third party and would be taking legal action to recover money owed to it.

Jordan was suspended from the exchange after failing to meet margin payments on NZ\$800m of stock. The firm

grew only 4 per cent to Y117.6bm. Total sales of indus-

trial machinery were up 20.9 per cent to Y32.1bn. Consoli-

dated pre-tax profits jumped 46.2 per cent to Y27.2bn.

For the full year, the group projects a consolidated net income of Y27bu, up 29.8 per

• Konica, Japan's second

largest producer of photosensi-

tive materials, reported that pre-tax profit for the half year to end-September rose 36.5 per cent to Y7.65bn on a 7 per cent rise in film sales and a better

cost-to-sales ratio, writes Rob-ert Thomson.

Cypriot entrepreneur Mr Asil

Nadir, and Turkey's Cukurova

Group, among the top three domestic industrial conglomer-ates. Initially the production lines at Torbali will produce.

Turkey has become increas-ngly attractive to multina-

tional car makers. General

Motors will complete a plant next year near izmir to pro-

5,000-10,000 cars a year.

Turkey considers Peugeot production plant

US MARKETS

IN THE METALS, gold prices continued

December gold was up over 7 dollars the day's most active market. Silver

to rise on heavy technical buying, reports Drexel Burnham Lambert.

and platinum advanced following

gold's strong performance. Copper rose with mostly local activity. The grains markets stipped after light local iling. January soybeans lost over four cents. Cotton was featurelas. In the livestocks, prices remained highe led by large gains in the pork bellies

had been playing the short end of the futures market since July, expecting longer-term However, most other inves-tors took the other view, going

short on physical stock. This forced Jordan to cover, and its buying sent physical rates tumbling on Tuesday, causing the International Commodities Clearing House to make a margin call on Jordan short con-

Jordan could not meet the payment and its client said funds were not available. The

Total sales rose 0.7 per cent to Y175.67bn, although sales of

business machines, which account for about 28 per cent

of revenue, fell by 7 per cent.

The company expects business machine sales to improve in the second half and that total sales for the full year will rise 5.6 per cent to Y375bn and pre-

tax profit by 15.6 per cent to Y17.5bn.

Kajima, the Japanese construction company, reported a 12.1 per cent improvement in

pre-tax profit to Y26.3bn in the first half to end-September as

are looking at the market. In the doldrums for most of

this year because of inflation,

domestic demand for cars picked up in September and

October as public sector salary

and wage handouts in the sum-

mer increased demand for con-

Car output rose by 27 per cent to 12,373 units in October

compared with the same

month in the previous year. The overall output of vehicles

rose 17 per cent to 17,013 units, but total automotive produc-

broker was suspended. The futures exchange decided to "invoice back" Jordan's contracts, a move that cost mem-bers with long positions about

Westpac, however, absorbed its losses and paid the margin calls for its client's 6,600 contracts at a cost of NZ\$10m. Meanwhile the exchange said shares in Jordan would remain suspended. The NZFE's 18 trading members will meet

on December 18 to consider expelling Jordan from the

larger companies to capacity, writes Robert Thomson.

Sales in the period rose 11.5 per cent to Y603.1bn, a rise the

company said was attributable to continuing demand from industry for new plant and

redevelopment projects in

large cities. Sales from building construc-

tion rose 22.8 per cent while those for civil engineering pro-

The company expects that sales for the full year to end March will be Y1.430bn, up from Y1.241bn last year, while pre-tax profit is projected at Y68bn, up from Y49.5bn.

tion for the first ten months of

the year was still down by 16

according to the Automotive Manufacturers' Association. But the Peugeot-Citroën project has run into stiff opposition

from the multi-national car-makers already established in

Turkey, under the names Tofas (Fiat), Oyak-Renault, and Oto-san (Ford). These were estab-lished as import substitution plants in the 1960s and 1970s

under the closed, command

economic regime prior to 1980.

HIGH GRADE COPPER 25,000 lbs; cents/

Close Previous High/Low

cent at 127,742 vehicles,

jects were flat.

use part of the income on sales promotion in the US, Isuzu said. The disposal reduces GM's stake in Isuzu from 40.2 per cent to 38 per cent.

Isuzu said that, judging from
the amount of equity GM gave up this time, it understood that the US company intended to raise funds without hurting its Komatsu boosts group net income by 36%

stance as the largest share-holder of Isuzu. If all Isuzu's outstanding convertible bonds were con-verted to stocks, Isuzu said,

verted to stocks. Isuzu said, GM would still own 35 per cent of the outstanding shares. This would allow GM to retain its legal rights as the largest shareholder.

Isuzu said a further reduction by GM was not planned. It said the disposal would not change the relationship between the two companies.

The Isuzu shares are to be The Isuzu shares are to be placed at Y986 a share with Japanese institutions.

Matra to sell firearms unit

MATRA, the French arms and electronics group, is negotia-ting to sell its cartridge-ma-chine and revolver business to Fabrique Nationale Herstal, the Belgian aeronautics and small arms group, Reuter reports.

Matra said the projected sale

of an 80 per cent stake in Matra Manurhin Defense to FN would require approval by the French Government. company was say when the sale would be

concluded. Manurhin's anti-tank activition facilities at Cassay in cenof the deal. Matra added.

duce up to 15,000 annually of the Vectra marque made by Opel in West Germany, while both Volkswagen and Volvo national, run by the Turkish-**WORLD COMMODITIES PRICES**

(Prices supplied by Amalgamated Metal Trading)

Ring turnover 15,475 tons

67.130 lots

AM Official Kerb close Ocen Intere

1595-6

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	\$416.25	+ 25.00	\$424.25	\$416.25	\$356.5
Silver Per troy oz	376,150	+ 16.35	333.70p	376.15p	313.90p
Aluminium 99.7% (cash)	\$1708.5	-8.5	\$2425	\$2610	\$1664 °
Copper Grade A (cash)	£1589.5	-22.5	£1907.5	£1982.5	£1474
Lead(cash)	£421.0	-18.5	£392.5	€487.5	£337
Nickel (cash)	\$9600	-575	\$14195	S19350	\$9275
Zinc (cash)	\$1360.0	-80	\$1632.5	\$2107.5	\$1360
Tin (cash)	S6790	-120	£4045	\$10760	\$6790
Cocoa Futures (Mar)	Σ653	-21	€890	£947	£653
Coffee Futures (Jan)	£682	-3	£1076	£1270	£858
Suger (LDP Raw)	\$369.0	-3.8	\$283.4	\$381.0	\$235.8
Barley Futures (Mar)	£113.50	35	£110.60	£113.85	£100.95
Wheat Futures (Mar)	£117.20	+1	£110.6	£121.65	€104.7
Cotton Outlook A Index	81.25c	-1	58.30c	84.95c	61.35c
Wool (64s Super)	5800	-5	610p	710p	580p
Rubber (Spot)	57.00p	75	55.5p	64p	55p
Oil (Brent Blend)	\$18.525z	-0.075	\$14.60	\$21.35	\$16,125

SPOT MARKETS		
Crude oil (per barrel FOB)		+ 07 -
Dubai	\$15.95-6.05z	
Brent Bland	\$18 43-8.47z	
W T.I. (1 pm est)	519.86-9.91z	- ()4
ON products (NWE prompt dolivery per to	onno CIF)	+ or -
Premium Gasoline	S186-198	
Ças Oil	\$190-191	+3
Heavy Fuel Oil	\$104-105	+2.5
Naphtho	\$159-161	
Petroleum Argus Estimatos		
Other		+ 07 -
Gold (per troy oz)	\$416.25	+4.50
Silver (per troy oz) 4	586c	+4
Platinum (per troy oz)	S536.50	+ 3.70
Palladium (por troy ez)	\$141.50	+ 1.25
Aluminium (free market)	31695	_
Copper (US Producer)	1135-115	
Load (US Producer)	.39c	
Nickel (free market)	435c	
Tin (Kuala Lumpur market) Tin (New York)		03
Zine (US Prime Western)	316.0c 73 kc	
		
Cattle [live weight]†	111.91p	-1.33*
Sheep (dead weight)† Pigs (live weight)†	209.52p	+4.62*
Lifts fried weight()	94.21p	+ 246"
London daily sugar (raw)	2369 Ov	-16
London dally sugar (white)		+0.5
Tale and Lyle export price	6352.0	-1.5
Barley (English feed)	£114.5	
Maize (US No. 3 vetlow)	£128.5	+05
Wheat (US Dark Northern)	£128	
Rubber (spot)♥	57.00p	
Rubber (Jan) V	59 50p	- 25
Rubber (Feb. 9	60.00	
Aubber (KL RSS No 1 Dec)		-15
Coconut oil (Philippines)§	\$450.0x	-5
Palm Oil (Malaysian)§	\$2304	
Copra (Philippines)s	\$290	

tonne uniosa othorwiso stated, p-porce nts/lb. r-ringgil/kg. y-Oct x-Dec/Jan, l-v-Nov/Dec w-Doc z-dan fMeet Com average fatstock prices. "change fror sgo WLondon physical market SCIF F m. & Bullion market close. m-Malan

CRUDE O	L - 172		S/b
	Close	Previous	High/Low
Jan	18,44	18.30	18,48 18.38
Feb	18 26	18.18	18.29 18.23
IPE Indox	16.41	18.54	16.41

	Close	Previous	High/Low	
Doc	668	675	675 687	
Dec Mar	653	660	680 648	
May	654	668	669 659	
Jul	675	682	682 672	
Sep	692	697	696 688	
Dec	718	721	720 712	
Mar	735	741	741 733	
Turnow	or: 5775 8	9183) lots o	10 tonnes	
ICCO k	ndicator r	vices (SDR	a per tanne). D	aliy
price fo	r Nov 24	N/A (772.34	:10 day average	lo
	N/A (800.			
COFFE	E ~ Lone	don FQX	£/to	nne
	Close	Previous	High/Low	
Nov	705	700	708 691	
Jon	682	672	683 670	
Mar	660	676	680 671	
May	697	697	697 691	
Jul 	715	715	715 710	
Sep	734	735	735 730	
Nov	754	754	754 750	
		1133) lots o		
			ents per pound)	
		iaily N/A (6	0.79) . 15 day av	æ.
ago N/	A (62.33)			
SUGAL	- Lond	on FOX	(3 per ton	ne,
Row	Close	Previous	High/Low	
Dec	335.20	328.60	335,20 329.00	
Mar	335.00	333.20	335.40 330.40	
May	331.00	329.00	331,00 325.80	
Aug	325.00	323.00	325.00 323.00	
Oct	317.20	314.60		
Doc	314.00		305.00	
Mar	298.00	296.40	298.00	
White	Close	Previous	High/Low	
Mar	402.50	309.50	403.00 398.50	_
May	405.50	403.00	405.50 402.50	
Aug	414.60	411.50	450.00 414.50	
Cct	387.50	384.00	-55,00 117,00	
Dec	373.50	2000	372.00 372.00	
Mar	372.00		371.00 371.00	
			lots of 50 tons	105
	791 (134)			
Paris-	White (Fi	Fr per tonn	e) Mar 2470, I	day
2500. A	ug 2585,	Oct 2415, D	ec 2325, Mar 23	25.
CAS O	il – ipe		\$/to	nne
	Çloşe	Provious	High/Low	
	185.50			_
		183.00	186.00 182.75	

Jan	180.50	177.75	180.50 177.50	
Jan Feb	180.50 174.75	172.75	174,75 173,00	
Doc Jan Feb Mar	180.50 174.75 170.25	172.75 168.00	174,75 173,00 170,25 167,75	
Jan Feb Mar Apr	180.50 174.75 170.25 165.00	172.75 168.00 163.75	174,75 173,00 170,25 167,75 166,50 162,75	
Jan Feb Mar Apr May	180.50 174.75 170.25 165.00 162.00	172.75 168.00 163.75 169.75	174,75 173,00 170,25 167,75 165,50 162,75 162,00 159,25	
Jan Feb Mar Apr May Jul	180.50 174,75 170.25 165.00 162.00 158.75	172.75 168.00 163.75 169.75 157.00	174.75 173.00 170.25 167.76 166.50 162.75 162.00 159.25 158.75 158.50	
Jan Feb Mar Apr May Jul	180.50 174,75 170.25 165.00 162.00 158.75	172.75 168.00 163.75 169.75	174.75 173.00 170.25 167.76 166.50 162.75 162.00 159.25 158.75 158.50	_

- ANGIGHUI				
Cesh	1707		1685-8	1891
3 mont			1695-6	1708/
		(C per ton		
Cash	1589 hs. 1594		1589-90 1597-8	1589/
3 mont		_	1007-6	1596/
Cesh	per tonn 420-1		18-20	
Cesn 3 mont			116-20 121-1,5	422:4
	(S per ton			_
Cash	9550		250-300	9900/
3 mont			825-50	9100/
Tin (\$ p	er tonne)			
Cash 3 mont	6780 ha 6900	-800 6	790-810 917-9	6775 6950/(
	pacial Hig		por lonne)	GSQU/(
Cash	1368		360-5	1361
3 mont		-40 1	335-8	1345/1
Zinc (\$	per tonne)	-	
Cash	1355		340-60	-
3 mont			300-10	
LME CI SPOT:	lesing E/\$ 1.5615	rate: 3	months: 1.5	364
				
POTAT	CES - E	# %		£/tonin
	Close	Previous	High/Low	
Feb	155.0	155.0	007.0.534	-
Apr May	207.4 233.0	207.0 235.0	207.9 206 233.5 233	
		3) lots of 40		
SOYAS	EAN ME	AL - BFZ	<u> </u>	£/tonne
SOYAL	Close	AL - EFE Previous	High/Low	С∕толго
	Clase 146.00	Previous 146 50	High/Low 146.00 14	8.00
Feb Apr	Close 146.00 144.00	Previous 146 50 144,00	High/Low	8.00
Feb Apr Jun Turnow	Close 146.00 144.00 143.00 er 16 (20)	Previous 146 50	High/Low 146.00 144 144.00 14 tornes.	8.00 4.00
Feb Apr Jun Turnow	Close 146.00 144.00 143.00 er 16 (20)	Previous 146 50 144.00 142.50 (cts of 20	High/Low 146.00 144 144.00 14 tornes.	8.00
Feb Apr Jun Turnow	Close 146,00 144,00 143,00 er 16 (20) Close	Previous 146 50 144.00 142.50 lots of 20 PRES - BF Previous	High/Low 146.00 144 144.00 14 tonnes.	8.00 4.00
Feb Apr Jun Turnow FREIGH	Close 146.00 144.00 143.00 er 16 (20) HT PUTUS Close 1675 1679	Previous 146 50 144.00 142.50 tots of 20 Previous 1677 1683	High/Low 146.00 14 144.00 14 Ionnea. E \$10/in High/Low	8.00 4.00
Feb Apr Jun Turnove FREIGH Nov Dec Jan	Close 146.00 144.00 143.00 er 16 (20) er 16 (20) Close 1675 1679 1686	Previous 146 50 144.00 142.50 lots of 20 Previous 1677 1683 1688	High/Low 146.00 144 144.00 144 toranea. E \$10/in High/Low 1683 1680 1686 1885	8.00 4.00 dex poin
Feb Apr Jun Turnow FREIGH Nov Dec Jan Apr	Close 146.00 144.00 143.00 er 16 (20) HT FUTUS Close 1675 1679 1886 1686 1413	Previous 146 50 144.90 142.50 16ts of 20 Previous 1677 1683 1688 1690 1415	High/Low 146.00 144 144.00 14- tonnes. E \$10/In High/Low 1688 1685 1687 1685	8.00 4.00 dex poin
Feb Apr Jun Turnow FREIGH Nov Dec Jan Jun kul BFI	Close 146.00 144.00 143.00 143.00 167.00 17 FUTUS Close 1675 1679 1688 1688 1696 1413 1672	Previous 146 50 144.00 142.50 lots of 20 Previous 1677 1683 1688 1690	High/Low 146.00 144 144.00 144 toranea. E \$10/in High/Low 1683 1680 1686 1885	8.00 4.00 dex poin
Feb Apr Jun Turnow FREIGH Nov Dec Jan Jan Jan Jan BFI	Close 146.00 144.00 143.00 er 16 (20) HT FUTUS Close 1675 1679 1886 1686 1413	Previous 146 50 144.90 142.50 16ts of 20 Previous 1677 1683 1688 1690 1415	High/Low 146.00 144 144.00 14- tonnes. E \$10/In High/Low 1688 1685 1687 1685	8.00 4.00 dex poin
Feb Apr Jun Turnow FREIGH Nov Dec Jan Jun kul BFI	Close 146.00 144.00 143.00 143.00 167.00 17 FUTUS Close 1675 1679 1688 1688 1696 1413 1672	Previous 146 50 144.90 142.50 16ts of 20 Previous 1677 1683 1688 1690 1415	High/Low 146.00 144 144.00 14- tonnes. E \$10/In High/Low 1688 1685 1687 1685	4.00 dex poin
Feb Apr Jun Turnow Turnow Nov Dec Jun Apr Jun BFI Turnowe	Close 146.00 144.00 143.00 143.00 167.00 17 FUTUS Close 1675 1679 1688 1688 1692 1413 1672	Previous 146.50 144.00 142.50 142.50 16ts of 20 16ts of 20 Previous 1677 1683 1690 1690 1690	High/Low 146.00 144 144.00 14 tonnea. E \$10/In High/Low 1683 1685 1687 1685 1672	8.00 4.00 dex poin
Feb Apr Jun Turnow PREIGI Nov Dec Jun Apr Jun BFI Turnove	Close 146.00 144.00 144.00 143.00 sr 18 (20) HT FUTUS 1675 1679 1688 1688 1688 1697 1413 1672	Previous 146.50 144.00 142.50 142.50 16ts of 20 16ts of 20 Previous 1677 1683 1690 1690 1690	High/Low 146.00 144 144.00 14- tonnes. E \$10/In High/Low 1688 1685 1687 1685	4.00 dex poin
Feb Apr Jun Turnow FREIGH Nov Dec Jun Apr Apr Apr BFI Turnove	Close 146.00 144.00 144.00 143.00 er 16 (20) er 16 (20) 417 FUTUS Close 1675 1676 1636 1413 1672 er 75 (83) 8 - BPPS Close 113.50	Previous 146.50 144.50 142.50 16ts of 20 16t	High/Low 146.00 144 144.00 14 144.00 14 150nnes E \$10/in High/Low 1688 1685 1687 1685 1672 High/Low 113.50 113	£/torns
Feb Apr Jun Turnow PREIGH Nov Dec Jun Ber Turnove Bri Turnove	Close 146.00 144.00 144.00 143.00 147.00 147.00 147.FUTUS Close 1675 1679 1888 1688 1413 1672 17 76 (83) 8 - EFFE Close 113.50	Previous 146.60 144.60 144.50 lots of 20 lot	High/Low 146.00 144 144.00 14 164.00 14 164.00 14 1663 1660 1668 1665 16672 High/Low 113_50 113 117_35 113	£/torins
Feb Apr Jun Turnow PREIGH Nov Dec Jun Apr Jun BFI Turnove BRAIR!	Close 146.00 144.00 144.00 143.00 ar 16 (20) ar 76 (83)	Previous 146.60 144.60 144.50 lots of 20 lot	High/Low 146.00 144 144.00 14 144.00 14 150nnes E \$10/in High/Low 1688 1685 1687 1685 1672 High/Low 113.50 113	£/torins
Feb Apr Jun Turnow FREIGH Nov Dec Jan Apr Jun SEI Turnove Wireal Jan Mar Mar May Jun Sep	Close 144.00 144.00 144.00 143.00 sr 16 (20) RT FUTUS 1679 1686 1413 1672 sr 76 (83) 8 - BPPE Close 113.50 117.20 120.40 121.65	Previous 146.50 144.50 142.50 142.50 142.50 142.50 1675 1675 1683 1686 1680 1415 1670 172.65 118.50 119.60 120.96	High/Low 146.00 144 144.00 14 144.00 14 164.00 14 166.00 14 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 167.2 High/Low 113.50 173 117.35 112 120.50 122	£/torins
Feb Apr Jun Turnow FREIGH Nov Dec Jun Apr Jun BFI Turnove BRAIR: Mar Mar Mar May Jun Sep	Close 146.00 144.00 144.00 143.00 ar 16 (20) ar 76 (83)	Previous 146.60 144.60 144.50 lots of 20 lot	High/Low 146.00 144 144.00 14 144.00 14 164.00 14 166.00 14 166.00 166.00 166.00 166.00 166.00 166.00 166.00 166.00 167.2 High/Low 113.50 173 117.35 112 120.50 122	£/torins
Feb Apr Jun Villa May May Jun May	Close 144.00 144.00 144.00 143.00 sr 16 (20) RT FUTUS 1679 1686 1413 1672 sr 76 (83) 8 - BPPE Close 113.50 117.20 120.40 121.65	Previous 146 50 144.00 144.00 142.50 tots of 20 tots of 20 RESS - BF Previous 1677 1883 1889 1415 1870 Previous 112.65 118.50 119.50 120.36 107.50	High/Low 146.00 144 144.00 14 tonnes. E \$10/in High/Low 1683 1680 1685 1687 1685 1672 High/Low 113.50 112 117.25 121 123.50 122	£/torins
Feb Apr Jun Villa May May Jun May	Close 144.00 144.00 144.00 143.00 sr 16 (20) RT FUTUS 1679 1686 1413 1672 sr 76 (83) 8 - BPPE Close 113.50 117.20 120.40 121.65	Previous 146.50 144.50 142.50 142.50 142.50 142.50 1675 1677 1883 1889 1670 1670 172.65 118.50 119.60 120.96	High/Low 146.00 144 144.00 14 144.00 14 166.00 144 166.00 144 166.00 166	£/torins
Feb April Ap	Close 146.00 144.00 143.00 ar 16 (20) AT FUTUS Close 1675 1679 1686 1413 1672 ar 76 (83) B - EFFE Close 113.50 117.20 121.40 121.65 104.55	Previous 146 50 144.00 144.00 142.50 tots of 20 tots of 20 RESS - BF Previous 1677 1883 1889 1415 1870 Previous 112.65 118.50 119.50 120.36 107.50	High/Low 146.00 144 144.00 14 144.00 14 164.00 14 164.00 14 164.00 1648 1683 1680 1688 1685 1672 High/Low 112.50 122 121.55 High/Low 111.00	£/tonne
Feb Apr	Close 146.00 144.00 143.00 ar 16 (20) AT FUTUS Close 1675 1686 1413 1676 1688 1413 1672 ar 76 (83) B - EFFE Close 113.50 107.75 Close 111.50 113.50 113.50	Previous 146.50 144.50 142.50 tots of 20 1625 - BP Previous 1677 1883 1886 1690 1415 1870 Previous 112.65 118.50 119.50 120.95 104.95 107.50 Previous	High/Low 146.00 144 144.00 144 144.00 144 164.00 144 164.00 144 165.00 1	£/torne
Feb Apr	Close 146.00 144.00 144.00 143.00 ar 16 (20) AT FUTUS Close 1675 1696 1413 1672 1672 27 76 (83) 8 - BFE Close 113.50 107.75 Close 111.00 113.50 113.50	Previous 146.50 144.50 142.50 142.50 142.50 142.50 142.50 1625 - BP Previous 1677 1883 1888 1690 1415 1870 Previous 112.65 118.50 119.50 120.95 104.35 107.50 Previous 111.00 113.70	High/Low 146.00 144 144.00 144 144.00 144 164.00 144 164.00 144 166.00 1	£/tonne £/tonne £/tonne £.25
Feb Apr	Close 146.00 144.00 144.00 143.00 er 16 (20) 147 FUTUR Close 1675 1679 1686 1419 1672 er 76 (83) 8 - BFE Close 113.50 117.20 121.65 104.50 107.75 Close 111.00 113.50 115.35 ir: Wheat	Previous 146.50 144.50 142.50 142.50 142.50 142.50 142.50 1625 - BP Previous 1677 1883 1888 1690 1415 1870 Previous 112.65 118.50 119.50 120.95 104.35 107.50 Previous 111.00 113.70	High/Low 146.00 144 144.00 144 144.00 144 144.00 144 144.00 148 1683 1680 1686 1685 1687 1685 1672 High/Low 113.50 113 117.35 113 120.50 120 114.00 113 115.60 115 Barloy 55 (188)	£/tonne £/tonne £/tonne £.25
Feb Apr	Close 146.00 144.00 144.00 143.00 er 16 (20) 147 FUTUR Close 1675 1679 1686 1419 1672 er 76 (83) 8 - BFE Close 113.50 117.20 121.65 104.50 107.75 Close 111.00 113.50 115.35 ir: Wheat	Previous 146.50 144.50 142.50 142.50 142.50 142.50 165s of 20 165s	High/Low 146.00 144 144.00 144 144.00 144 144.00 144 144.00 148 1683 1680 1686 1685 1687 1685 1672 High/Low 113.50 113 117.35 113 120.50 120 114.00 113 115.60 115 Barloy 55 (188)	£/tonne £/tonne £/tonne £.25
Feb Apr Jun Turnove Trumove Tr	Close 146.00 144.00 144.00 143.00 or 18 (20) HT FUTUS 1675 1679 1686 14419 1677 1688 14419 1677 1689 1776 (83) 8 - EFFE Close 173.50 177.50 120.40 121.65 104.50 107.75 Close 113.50 113.50 113.50 115.35 115.35 115.35 115.35 115.35 115.35	Previous 146 50 144.00 144.00 144.00 142.50 1628 - BF Previous 1677 1883 1880 1415 1870 Previous 111.65 119.60 120.436 107.50 Previous 111.00 113.70	High/Low 146.00 144 144.00 14 144.00 14 164.00 14 164.00 14 168.3 1660 168.5 1687 168.5 1687 117.35 117 120.50 120 117.35 117 120.50 120 111.00 114.00 113 115.50 115 Barloy 55 (1	£/tonne £/tonne £/tonne 1.35 1.25
Feb Apr	Close 146.00 144.00 144.00 143.00 ar 18 (20) AT FUTUS 1675 1679 1686 1443 1672 175 (83) 8 - BFE Close 113.50 117.20 120.40 121.65 107.75 Close 111.00 113.50 115.35 115.35 115.35 115.35 115.35 115.35 115.35 115.35	Previous 146 50 144 50 144 50 144 50 144 50 144 50 144 50 145 50 1670 1677 1683 1686 1680 1415 1670 119,60 120,436 107,50 Previous 111,00 1113,70 550 (559), 100 tonnos	High/Low 146.00 144 144.00 14 144.00 14 164.00 14 164.00 14 1683 1680 1683 1680 1685 1687 1683 1680 113.50 113 117.35 113	£/tonne £/tonne £/tonne 1.35 1.25
Feb Apr	Close 146.00 144.00 144.00 143.00 or 16 (20) 147 FUTUS 1675 1686 1686 1696 1413 1672 175 (83) 8 - BPPE Close 113.50 117.20 117.20 117.20 117.20 117.20 117.20 118.50 119.5	Previous 146.50 144.50 144.50 142.50 142.50 1658 - BF Previous 1677 1883 1888 1889 1415 1670 Previous 112.65 118.50 120.96 107.50 Previous 111.00 113.70 Previous 111.00 113.70 Previous 110.01 110.01 110.01 110.01 110.01	High/Low 146.00 144 144.00 144 144.00 144 164.00 144 164.00 144 1683 1680 1683 1680 1686 1685 16672 High/Low 113.50 113 117.35 113	£/tonne £/tonne £/tonne 1.35 1.20 1.35 1.35
Feb April 10 Mov Ope Jan April	Close 146.00 144.00 143.00 ar 16 (20) AT FUTUS Close 1675 1675 1686 1413 1672 ar 76 (83) B - BFE Close 113.50 117.20 122.40 121.65 104.50 107.75 Close 111.00 113.53 ar: Wheat ir lots of	Previous 146.50 144.50 142.50 142.50 142.50 142.50 142.50 1673 1883 1888 1890 1415 1870 172.65 118.50 119.50 120.95 104.36 107.50 Previous 111.00 113.70 1590 (559), 100 tonnos.	High/Low 146.00 144 144.00 144 144.00 144 144.00 144 144.00 144 1683 1680 1686 1685 1687 1685 16872 High/Low 113.50 113 117.35 113	£/torans £/torans 1.35 2.20 1.50 1.35 73)
Feb Apr Jun Ap	Close 146.00 144.00 144.00 143.00 or 16 (20) 147 FUTUS 1675 1686 1686 1696 1413 1672 175 (83) 8 - BPPE Close 113.50 117.20 117.20 117.20 117.20 117.20 117.20 118.50 119.5	Previous 146.50 144.50 144.50 142.50 142.50 1658 - BF Previous 1677 1883 1888 1889 1415 1670 Previous 112.65 118.50 120.96 107.50 Previous 111.00 113.70 Previous 111.00 113.70 Previous 110.01 110.01 110.01 110.01 110.01	High/Low 146.00 144 144.00 144 144.00 144 164.00 144 164.00 144 1683 1680 1683 1680 1686 1685 16672 High/Low 113.50 113 117.35 113	£/tonne £/tonne £/tonne 1.35 1.20 1.35 1.30

OOR					Plin	gtum	over 7,	450 tonne
20-2 121-2		418-20 421-1.5	422:419	418-20 419-20	421.5-2	ĸ	11.45	0 lots
tone			723-10	715-20				134 tonne
550-	650	9250-300	9900/9500	9450-500	-			
1110-	50	8825-50	9100/8900	9025-50	9100-25		7,071	
nne) 5760-	900	6790-810	6775	6770-5	R	ing tu	nover	565 tonne
900	20	6917-8	6950/8900	6900-20	6915-20)	5,213	lots
		por tonne)			Ain	g jarus	over 8,	200 tonne
368- 337-	73 40	1360-5 1335-8	1381 1345/1330	1361-2 1337-40	1342-8		16.75	8 lota
onne		•		_		g turn	_	175 tonne
355-4 310-3	B5	1340-80 1300-10	-	1385-70 1320-5			•	
	rate:	1350-10		1320-0	1310-20	<u>'</u>	2,473	1071B
	3	months: 1.536	4	6 months:	1.5155		9 mont	hs: 1.4877
- B			£/tonne	LONDON BU	N.I. MAI MAE	KHT.		
<u>so</u>	Previous			Gold (fine oz			equiv	elent
.0	155.0			Close	416-416 ¹ 2		564-2	
.4 .0	207.0 235.0	207.9 206.5 233.5 233.0		Opening	413½-414 415.80	2	64 ½ -2 65 687	85
		0 tonnes.		Morning fix Afternoon fix	415.80		65.606 85.606	
				Day's high Day's low	417 4-418 413 5-414			
	L - 657		<u> Crtonne</u>					
50	Previous			Coles	\$ price		equiv	
.00 .00	146 60 144,00	146.00 146.0 144.00 144.0	90 90	Mapieleaf Britannië	425-430 425-430	2	72 b-2	75 75
00	142.50			US Eagle	425-430 425-430	2	72 b-Z	75
(20)	lots of 20	tonnes.		Angel Krugerrand	411-414	2	72 ½-27 65 ½-2	7 ¹ 2
		0407-4		New Sov. Old Sov.	97-99 97- 0 9	8	5 p-63	k h
	Previous		зх роги	Noble Plat	542,95-551.5	0 3	47.15-8	š <u>2</u> .60
58 -	1677	LIGINEO		Silver Its	p/fine oz	ı	Sets	acted V
5 9	1683	1683 1680		Spot	376.15		88.50	
8 8	1688 1690	1686 1685 1687 1685		3 months	390.05	6	00.40	
9	1415 1670	1672		6 months 12 months	403.70 430.15		12.00 35.85	
(83)	*070							
100,				TRADED OF				
FE			L'itorane	Aluminium (9		制物		Puta
20	Previous			Strike price \$		Mar	Jan	Mar
50	112.65	113.50 113.3	5	1600 1700	129 59	130 71	38 9	27 66
20	118.50 119.60	117,35 117.2 120.50 120.2	10 25	1800	19	34	98	128
40 65 50	120.95 104.35	121.65		Copper (Grad	e A) Ga	uls.		Puts
30 75	107.50			2350	153	158	31	79
				2450 2550	91 34	106 88	67 1 33	125 188
ie .	Previous	High/Low						
00	111.00	111.00		Coffee	Jan	Mar	Jan	Mar
50 35	113.70	114.00 113.5 115.60 115.3	5	650 700	38 11	58 34	6 29	28 54
eat !	550 (559),	Barley 55 (73		700 750	2	15	70	85
of f	QO tennos	L.		Coeca	Mar	May	Mar	May
	-:-	Assis	N - M	600	83	82	16	21
_		ash Settlemed		650 700	40 21	53 32	37 68	42 71
1 6	Previous 122.5	High/Low 122.0 122.0					~	
5	110 6	109.5 109.0 109.5 109.0		Breat Crude	Jan	Feb	Jan	Feb
5 0	111.0 111.0	109.0		1800 1850	59 26	67 41	13 39	43 67
	ots of 3,2	50 kg		1900	9	22	61	J.

18,75 ver 2, 2,473	200 tonne 8 lots 175 tonne	were com side gase as re The	e the ma piex con ways an dine fut esistant coffee,	n house a ajor playe ntinued to ction in th ures. Hea ce levels sugar and sed, as w	ers. The feature e crude sting oil were pe d cocoa	energy e slow, oil and climbed inetrated, markets
equiv	963,		w Y	ork		
5.687 5.806			Close	Previous	High/Lo	
		Nov	418.9	411.0	416.5	415.5
		Dec	419.3	411.6	419.7	414.8
equiva	sient	Jan Sab	422.4	414.5	0	0
212-27		Feb Apr	425.0 430.1	417.0 422.1	425.5 430.5	420.0 425.3
23-27	75	Jun	435.0	427.1	436.0	430.5
25-2	75	Aug Oct	439.6 444.3	431.8 436.6	437.0 441.6	435.6 441.1
212-21 512-21 12-83	ام 1 ₄ 5	Dec	449.3	441.7	450.0	445.0
1 ₂ -691 7.15-3		DI ATT	### CO 1	roy oz; \$/tro		
		PLATE				
cts (Muly		Close	Previous	High/Lo	
8.50		Nov	538.7	531.0	0	0
0.40		Dec Jan	541.7 544.7	534.0 597.0	0 544.9	539.0
2.00 5.85		Apr	549.7	542.0	549.0	544.0
		lyb 	558.7	547.5	556.0 500.5	550.0 656.0
		Oct	663.7	553.5	560.5	030.0
- 1	Puts					
Jan	Mar	SILVE	9 5,000 tr	oy oz, cents	Vitroy oz.	
9	27		Close	Previous	High/Lo	
38	6 6	Nov	587.4	580.0	D	0
98_	128	Dec	588.0	580.8	589.0	582.7 590.5
ı	Puts	Jan Mar	592.1 601.5	584.9 594.0	590.5 603.0	590.5 596.0
31	79	May	609.9	602.4	611.5	605.0
67	126	Jul	616.4	610 9	620.0	613.5
133	186	Sep Dec	627.1 639.6	619.6 632.0	629.0 643.0	624.5 634.0
Jan	Mar	Jan	643.2	635.6	0	0
6	28					
29	54	MDK	'88			
70	_85			_ Bartari	15	1 - 1000
Mar	May	KEUT		e: Septemb		
16	21	1	Nov 24	Nov 23	धाधक क	o yr age
37 68	42 71	I	1836.6	1841.4	1841.9	1860.4
-		DOW	JONES (6	Base: Dec. (1 1974 -	100)
Jan	Feb	1	Nov 2			o yr ago
13	43	Spot	-:	130.38	-	134.35
39	67	Future		131.75	:	132.30
61						

Nov				
140	109.90	109.85	0	0
Dec	110.60	109.90	110.60	110.60
Jan Feb	107.95 107.30	108.30 106.70	107.95 a	107.40
Mar	105.60	105.00	105.90	104.50
Apr	105.00	104.50	0	0
May	104.50	104.00	104.60	104.40
Jun Jul	104.10 103.70	103.60 103.20	0	0
CHUL		ght) 42,000 l		
	Labest	Previous	High/Lov	
Jan	19.93 19.78	19.82	19.95 19.80	19.76
Feb Mar	19.78	19.68 19.50	19.62	19.63 19.44
May	19.28	19.17	19.28	19.11
Jun	19.10	19.00	19.11	19.01
Jul Aug	18.94 18.77	18.63 18.66	18.94 18.77	18.76 18.62
∧ug Sep	18.59	18.52	18.61	18.62
		2,000 US ga		
	Latest	Previous	High/Low	 -
Эес	6180	6109	6205	6120
Jan	6125	6052	6140	6060
Feb	5950	5890	5980	5900
Маг Арг	5890 5445	5850 5415	5895 5445	5840 5395
May	5255	5243	5260	5235
Jun	5145	5130	5145	5145
Jul Dan	5115	5090	5120	5090
Вер	5243	5225	5245	5230
2011		cents/lbs		
	Close	Previous	High/Low	
	70.05 71.20	70 06 73 22	70.60	69.90
Mar	73.20	73.22	73.68	72.20
Mar May Jul	73.20 73.85 73.80	73.22 73.95 73.84	73.68 74.38 74.45	72.20 73.85 73.60
Mar Mey Jul Oct	73.20 73.85 73.80 68.40	73.22 73.95 73.84 68.30	73.68 74.38 74.45 68.60	72.20 73.85 73.80 68.40
Mar Mey Jul Det Dec	73.20 73.85 73.80	73.22 73.95 73.84	73.68 74.38 74.45	72.20 73.85 73.60
Mar May Jul Det Dec Mar	73.20 73.85 73.80 68.40 65.70 66.15	73.22 73.95 73.84 68.30 65.55 68.10	73.68 74.38 74.45 68.60 66.00	72.20 73.85 73.80 68.40 65.66
	73.20 73.85 73.80 68.40 65.70 66.15	73.22 73.95 73.84 68.30 65.55 68.10	73.68 74.38 74.45 68.60 66.00 68.20	72.20 73.85 73.80 68.40 65.65 66.15
Mar Mey Jul Oct Dec Mar	73.20 73.85 73.80 68.40 65.70 66.15	73.22 73.95 73.84 68.30 65.55 68.10	73.68 74.38 74.45 68.60 66.00 66.20	72.20 73.85 73.80 68.40 65.65 66.15
Mar Mey Jul Oct Dec Mar	73.20 73.85 73.80 68.40 65.70 66.15	73.22 73.95 73.94 68.30 65.55 68.10	73.68 74.38 74.45 68.60 66.00 66.20 cents/60th	72.20 73.85 73.80 68.40 65.66 66.15
Mar Mey Jul Oct Dec Mar Ch	73.20 73.85 73.85 68.40 65.70 66.15	73.22 73.95 73.94 68.30 65.55 68.10	73.68 74.38 74.45 68.60 66.00 66.20	72.20 73.85 73.80 68.40 65.65 66.15
Mar May Jul Oct Dec Mar Mar San Mar May	73.20 73.80 68.40 65.70 66.15 BEANS 5, Close 588/6 611/4	73.22 73.96 73.94 68.30 65.55 68.10 000 bu min; Previous 531/2 603/6	73.68 74.38 74.45 68.60 66.00 66.20 Cents/60tb High/Low 502/0 604/6 618/0	72.20 73.85 73.85 68.40 65.65 66.15 bushel
Mar May Jul Oct Dec Mar Mar Mar May Jul	73.20 73.85 73.80 68.40 65.15 GGGG BEANS 5, Glose 588/6 611/4 619/8	73.22 73.84 73.84 65.55 66.10 000 bu min; Previous 591/2 603/6 615/0 623/6	73.68 74.38 74.45 68.80 66.00 66.20 cents/60th High/Low 592/0 604/6 616/0 625/0	72.20 73.85 73.85 68.40 68.40 65.66 66.15 bushel 586/4 588/4 811/2 619/0
Mar May Jul Oct Dec Mar Mar Mar May Jul Aug	73.20 73.80 68.40 65.70 65.70 66.15 BEANS 5, Close 585/6 611/4 619/8	73.22 73.96 73.94 68.30 65.55 68.10 000 bu min; Pravious 591/2 603/6 615/0 623/6 624/0	73.68 74.35 58.60 66.00 66.20 Cents/60tb High/Low 592/0 616/0 625/0 625/0	72.20 73.80 73.80 68.40 65.66 66.15 bushel
Mar Mey Jul Dec Mar Mar Mar May Aug Sep	73.20 73.85 73.80 68.40 65.15 68.15 68.15 68.15 68.16 68.16 68.16 68.16 68.16 68.16 68.16 68.16 68.16 68.16 68.16 68.16	73.22 73.84 73.84 68.30 65.55 66.10 000 bu min; Previous 391/2 603/6 615/0 623/6 633/2	73.68 74.48 69.60 66.20 cents/60th High/Low 592/0 604/6 616/0 625/0 635/0	72.20 73.85 73.85 68.40 68.40 65.66 66.15 bushed 586/4 588/4 811/2 619/0 620/0 610/0
Mar May Jul Dec Mar May Mar May Aug Sep Nov	73.20 73.80 68.40 65.70 65.70 66.15 BEANS 5, Close 585/6 611/4 619/8	73.22 73.96 73.94 68.30 65.55 68.10 000 bu min; Pravious 591/2 603/6 615/0 623/6 624/0	73.68 74.35 58.60 66.00 66.20 Cents/60tb High/Low 592/0 616/0 625/0 625/0	72.20 73.80 73.80 68.40 65.65 66.15 bushel 586/4 586/4 811/2 619/0 610/0 610/0 610/0
Mar May Jul Dec Mar May May May May May May May May May May	73,25 73,25 73,25 73,20 68,70 65,70 65,70 65,15 FC ag FC ag	73.22 73.96 73.96 65.55 66.10 000 bu min; Pravious 591/2 603/6 615/0 623/6 624/6 613/4 622/0	73.68 74.38 74.45 68.50 66.50 66.20 66.20 66.20 66.20 66.20 61.00 625/0 616/0 625/0 616/0 625/0 614/4 620/2	72.20 73.85 73.85 68.40 68.40 65.66 66.15 bushed 586/4 588/4 811/2 619/0 620/0 610/0
Mar May Jul Dec Mar May May May May May May May May May May	73,25 73,25 73,25 73,20 68,70 65,70 65,70 65,15 FC ag FC ag	73.22 73.84 73.84 68.30 65.55 68.10 000 bu min; Previous 531/2 603/6 623/6 623/6 624/0 613/2	73.68 74.38 74.45 68.50 66.50 66.20 66.20 66.20 66.20 66.20 61.00 625/0 616/0 625/0 616/0 625/0 614/4 620/2	72.20 73.85 73.80 68.40 68.40 65.65 66.15 bushel 586/4 589/4 811/2 619/0 620/6 619/0
Mar May Joet Dec Mar SOYA Jan May Jul Aug Sep Jun SOYA	73,25 73,25 73,25 73,20 68,40 65,70 65,15 FC AIS FC	73.22 73.96 73.94 68.30 65.55 68.10 000 bu min; Pravious 591/2 603/6 615/0 623/6 624/0 639/2 612/4 622/0 60,000 lbs; Provious	73.68 74.38 74.45 68.50 68.50 68.20 High/Low 592/0 618/0 625/0 625/0 625/0 626/2 cents/lb	72.20 73.80 73.80 88.40 85.65 86.15 bushaf 586/4 589/4 811/2 619/0 620/0 619/0
Mar May Det Dec Mar Gh SOYA SoyA May May May May May May May May May May	73.25 73.85 73.80 68.40 65.70 66.15 FEARS 5, Close 585/6 599/6 611/4 619/8 621/0 610/4 609/2 520/0 610/4 610/4 610/4 610/4 610/4 610/6	73.22 73.84 68.35 68.55 68.10 000 bu min; Previous 591/2 603/6 622/0 613/2 612/4 622/0 60,000 lbs; Previous	73.68 74.38 74.45 68.60 66.20 66.20 66.20 66.20 66.20 66.20 66.20 61.60 625.0 61.60 625.0 61.60 625.0 61.60 625.0 61.60 625.0 61.00 625.0 61.00 625.0 61.00 625.0 61.00	72.20 73.85 73.80 88.40 85.66 86.15 bushel 586/4 811/2 619/0 619/0 619/0
Mar May Jul Oct Dec Mar BOYA SOYA Jul Aug Nov Jun Dec Jun	73,25 73,25 73,25 73,20 68,40 65,70 65,15 FC AIS FC	73.22 73.96 73.94 68.30 65.55 68.10 000 bu min; Pravious 591/2 603/6 615/0 623/6 624/0 639/2 612/4 622/0 60,000 lbs; Provious	73.68 74.38 74.48 59.60 66.00 66.20 66.20 66.20 66.20 69.20 60 60 60 60 60 60 60 60 60 60 60 60 60	72.20 73.85 73.80 88.40 85.65 86.15 busher 586/4 589/4 819/0 819/0 819/0 819/0 819/0
Mar Mey Jul Oct Oct Oct Oct Oct Oct Mar Mar May Jul Aul Sep Nov Jon Oct Oct Oct Oct Oct Oct Oct Oct Oct Oct	73.20 73.25 73.25 73.26 68.40 65.70 65.70 65.70 66.15 BEANS 5, Close 585/6 591/4 691/8 621/0 610/4 609/2 621/0 610/4 610	73.22 73.84 68.35 68.55 68.10 000 bu min; Previous 591/2 603/6 615/0 624/0 613/2 612/4 62/0 90,000 lbs; Previous 19.47 19.70 20.15 20.54	73.68 74.48 69.60 66.20 cents/60tb High/Low 592/0 625/0 625/0 625/0 616/0 625/0 616/0 625/0 616/0 625/0 619/1 625/0 625/	72.20 73.85 73.80 88.40 85.66 86.15 bushel 586/4 811/2 619/0 619/0 619/0
Mary May Jul Oct Dec Dec Mar SOYA Jan May Jul Jan SOYA Jan SOYA Jan SOYA Jan SOYA Jan SOYA Jan Jan Jan Jan Jan Jan Jan Jan Jan Ja	73.20 73.85 73.80 68.40 65.70 66.15 BEANS 5, Close 588/6 611/4 619/8 621/0 610/2 620/0 BEAN OIL Close 19.08 20.09 19.58 20.09 19.58 20.09 20.35	73.22 73.84 73.84 68.35 66.55 66.10 000 bu min; Previous 591/2 613/6 623/6 624/0 612/4 622/0 60,000 lbs; Previous 19.47 19.77 19.70 20.15 20.54	73.68 74.38 74.45 59.60 66.00 66.20 66.20 66.20 66.20 66.20 592/0 625/0	72.20 73.80 68.40 65.66 66.15 586/4 588/4 588/4 588/4 589/0 619/0 619/0 619/0 619/0 619/0 619/0 619/0 619/0 619/0 619/0 619/0
Mary May Dec Chamber Mary Mary Mary Mary Mary Mary Mary Mar	73.25 73.85 73.80 68.70 65.70 65.70 65.75 66.15 BEANS 5,1 Close 588/6 598/6 611/4 619/8 821/0 610/4 620/0 610/2 620/0 19.28 19.28 19.28 20.09 20.35 20.35	73.22 73.84 68.35 65.55 68.10 000 bu min; Previous 531/2 603/6 615/0 622/0 613/2 612/4 622/0 60,000 lbs; Previous 19.47 19.70 20.15 20.54 20.52 20.52	73.68 74.38 74.45 68.50 68.50 68.20	72.20 73.85 73.80 88.40 88.40 85.66 86.15 bushel 586/4 811/2 619/0 820/0 619/0 619/0 19.28 19.04 19.28 19.04 20.05 20.35
Mary May Jul Oct Chamber May Jul Oct Chamber May Jul Oct Chamber May Jul Oct Jun Oct J	73.20 73.25 73.25 73.26 66.15 65.70 66.15 65.70 66.15 65.70 66.15 60.16	73.22 73.84 68.35 68.55 68.10 000 bu min; Previous 591/2 603/6 675/0 623/6 624/0 613/2 612/4 622/0 90,000 lbs; 19.70 20.15 20.54 20.82 20.82	73.58 74.38 74.45 68.60 66.20 66.20 66.20 High/Low 592/0 625	72.20 73.85 73.80 88.40 85.66 86.15 bushel 586/A 588/A 588/A 588/A 588/A 588/A 619/0 810/0
Mary May Dec Char Mary May May May May May May May May May Ma	73.25 73.85 73.80 68.70 65.70 65.70 65.75 66.15 BEANS 5,1 Close 588/6 598/6 611/4 619/8 821/0 610/4 620/0 610/2 620/0 19.28 19.28 19.28 20.09 20.35 20.35	73.22 73.84 68.35 65.55 68.10 000 bu min; Previous 531/2 603/6 615/0 622/0 613/2 612/4 622/0 60,000 lbs; Previous 19.47 19.70 20.15 20.54 20.52 20.52	73.68 74.38 74.45 68.50 68.50 68.20	72.20 73.85 73.80 88.40 88.40 85.66 86.15 bushel 586/4 811/2 619/0 820/0 619/0 619/0 19.28 19.04 19.28 19.04 20.05 20.35

Close Previous High/Low

185.6 184.8 184.3 184.0 184.0 183.3 183.6

187.6 187.4 186.4 185.3 184.5 184.2 184.0 184.0 183.8

MAIZ	E 5.000 N	ı min; cents	/58lb bushe	H
	Close	Previous	High/Low	
Dec	238/0	238/4	239/6	237/6
Mar	241/6	243/0	244/0	241/4
May	245/4	247/0	248/0	246/0
Jul	248/8	250/4	251/4	248/4
Sep	242/4	244/4	245/4	242/4
Dec	239/0 245/4	241/2 248/0	242/0 248/4	238/6 245/4
		u min; cent		
WINE				
	Close	Previous	High/Low	
Dec	407/2	407/6	409/0	405/2
Mor	410/0	410/4	411/6	406/2
May	390/4	391/6	392/4	389/2
Jul	360/0	361/2	361/6	358/0
Sep Dec	354/4 375/4	366/0 378/0	366/4	363/4
			378/0	375/0
LIVE	CATTLE 4	0,000 lbs; ç:	ents/lbs	
	Close	Previous	High/Low	
Dec	76.07	78.00	75.25	76.00
Feb	75.72	75.22	75.75	75.30
Apr	74.97	74.77	75.07	74.80
Jun	72.25	71.90	72.35	71.90
Aug Oct	70.35 70.06	69.97 60.50	70.50	70.10
		69.50	70.12	89.52
TIME !	10GS 30,0	000 lb; cents	/lbs	
	Close	Previous	High/Low	
Dec	51.12	50.25	51.20	50.40
Feb	51.40	50.95	51.72	
Apr	47.05	46.60	47.15	51.10 50.22
Jun	50.25	45.87	60.32	30.22 49.86
Jul	50.40	50.07	50.50	50.25
Aug	49 35	48.97	49 35	49.00
Oct	44.50	44.05	44.50	44.25
Dec	45.77	45.50	45.80	0
PORK	BELLIES	40,000 lbs;	cents/lb	
	Close	Previous	High/Low	
Feb	84.77	63.25	53.68	58.00
Mar	63.70	62.80	83.75	82.80
May	62.82	62.32	63.00	62.10
Jul	60.40	59.86	61.00	62.10 60.10
Aug	58.70	58.12	59.10	58.65
- Г				
:	1_	RU	RAL	
- 1	DH	VELC	DR.ET	N. ITET
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62.82 60.40 58.70	62.32 59.85 58.12	63.75 63.00 61.00 59.10	62.80 62.10 60.10 58.65
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Closing Price P

14 pm 4 pm 24 pm 50 pm 44 pm 24 pm 50 pm

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling weaker

THE DOLLAR fell below DM1.80 for the first time since early January, touching a low of DM1.7935 yesterday. It rallied to close in London near the top of the day's range at DMI.8050, compared with DM1.8160 on Thursday. Resistance at DMI.7980 was not con-clusively broken, and with the market generally long of D-Marks dealers questioned whether pressure is strong enough to push the dollar into a trading range below DML80 in the immediate future.

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There were no fresh factors to move the dollar in thin trading with many New York traders extending Thursday's US
Thanksgiving holiday into a
weekend break. The US currency fell to Y143.45 from
Y144.25; to SFr1.6150 from
SFr1.6160; and to FFr6.1600
from FFr6.1875. The dollar's
index fell to 69.3 from 69.6.
Sterling continued to retreat

£ IN REW YORK

STERLING INDEX

CURRENCY RATES 1.38128 1.13156 1.32041 14.3515 42.8396 7.91863 2.03759 2.29898 6.95737 1505.14 162.435 7.75455 130.808 7.26309 1.82180 0.775290 I in terms of SDR and ECU.per E.

CURRENCY MOVEMENTS

OTHER CURRENCIES 1016 75 - 1025 20 650.00 - 655 00 1.955 1.975 1.976 1.1755

FORWARD RATES AGAINST STERLING

against the D-Mark, touching a low of DM2.81, but like the dollow of DM2.81, but like the dol-lar closed towards the top of its range at DM2.82. This was still a fall of 1½ pfennigs however, and the lowest closing level since February 1987. The pound gained 5 points to \$1.5625, but declined to Y224.25 from Y225.25; to SFr2.5225 from SFr2.5250; and to FFr9.6250 from FFr9.6650. Sterling's from FFr9.6650. Sterling's

index fell 0.3 to 86.7.

The Bank of England supported the pound during the morning by selling dollars, but there was no intervention against the European Currency Unit. This led to comments that the authorities are trying to the authorities are trying to hold sterling steady against the dollar, but feel unable to perform the same task against the very strong D-Mark. The Group of Seven accord is preventing direct intervention against the D-Mark and sales of ECU's have provided limited

Political uncertainty is undermining the pound. The currency may have shown a better performance after Thursday's announcement of a lower than feared UK trade deficit in October but for the possible threat to Mrs Margaret Thatcher's leadership of the Conservative Party.

Mr Mark Cliffe, economist at Nomura Research Institute, said that in the very unlikely event of Mrs Thatcher being forced to step down sterling would fall, but a successor is more likely to favour membership of the European Monetary System and therefore any weakness could be temporary.

In Paris the D-Mark was fixed at its highest level against the French franc since January 4 as speculation mounted that France will scrap the programme of the prog its remaining currency con-trols next month.

Nov 24	Day's spread	Close	Ose mostle	% %	Three sports	% p.a.
emiums and	1.5600 - 1.5650 1.4565 - 1.4560 2.0250 - 2.0345 37.70 - 38.05 6.471 - 7.021 1.7932 - 1.5800 154 20 - 156.45 115.20 - 156.45 115.20 - 156.45 1.255 - 1.32 6.121 - 6.171 6.334 - 6.421 1.256 - 1.272 1.256 - 1.272 1.256 - 1.272 1.256 - 1.330 1.256 - 1.330	37,90 - 38,00 7,01 \(\) - 7,01 \(\) 1,8045 - 1,8045 136,55 - 15,65 115,70 - 115,80 115,70 - 115,80 1330 - 13301 \(\) 6,86\(\) 6,86\(\) 6,86\(\) 6,41\(\) 6,42\(\) 1,645 - 1,615 12,69 - 12,69\(\) 1,645 - 1,615 1,1295 - 1,1305 e earl of London and materials of London and materials	0.85-0.83 cpm 0.29-0.25 cpm 0.34-0.37 cts 0.01 cpm-0.01 cts 3.50-5.50 cts 2.05-2.50 crts 54-82 cts 4.70-5.20 ltrels 1.95-2.20 crts 1.75-1.88	445 103 3.65 -142 -3.73 -4.53 -4.53 -2.02 -3.88 -0.33 1.08 -1.02 -1.02 -1.03 -	0.57-0.54gm 0.70-1.20dis 0.25-0.18gm 0.71-0.68gm med in US correct	6.44 3.16 -3.66 -3.66 -3.66 -4.55 -4.49 -3.79 -2.19 -0.33 0.52 2.46 7. Forman

POU	ND SPOT	FORWAR	D AGAIN	IST T	HE POU	ND
Nov.24	Day's spread	Clase	One meeth	9% P.E.	Three months	% p.a.
sanda mada therlands, tylism mark tland Serway rrugal alo alo alo arway ance pan pan pan	10.694 - 10.734 9.604 - 9.634 9.995 - 10.034	15:20 15:20 18:20 15:25 13:74 13:34 13:74 13:35 10:95 10:96 10:96 10:96 10:96 28:14 28:24 20:06 244:06 18:05 18:36 10:72 20:73 10:72 10:73 10:29 10:35 22:34 22:44 11:85 10:35 25:14 25:36 25:14 25:36 25:14 25:36	0.85-0.85 cm 0.47-0.39 cm 11-13-cm 27-24-cm 0.40-0.50 m 13-13-cm 13-13-cm 21-23-cm 2	6.45 6.60 4.96 4.26 7.18 10.27 2.94 3.07 8.35 4.18	253-250pm 128-1.19pm 51-4.5pm 77-70pm 0.90-0.80pm 45-4.5pm 25-101dm 73-6.5pm 73-71-pm 73-71-pm 73-71-pm 313-28-5pm 313-28-5pm 313-28-5pm	6.44 2.70 6.28 4.96 2.83 3.18 6.47 2.12 2.12 2.12 2.12 2.12 3.01 3.01 4.03 4.03 4.03 4.03 4.03 4.03 4.03 4.03
omercial r 25-59.35	etes taken toucieds t Six-month forward d	he end of London Ira other 4,84-4.79cpm	ding. Belgian rate 12 meetis 8.70-8.	is connect SCopen	ble francs. Float	ciai franc
Ē	MS EURO	PEAN CU	RRENCY	UNIT	RATES	

EMS E	UROPE	AN CURI	RENCY I	JNIT RA	TES		
	Ecu Central Pates	Currency amounts against. Ecu New.24	% change from contral rate	% change adjusted for discrepance	Divergence ilmit. %		
eiglan Franc tarish Krone erman D-Blank reach Franc mech Gallder ich Pant altan Lira gasish Peseta	42 4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58 133 804	42,80% 7,91863 2,03759 6,95737 2,29898 0,773290 1505,14 130,808	+0.83 +0.85 -1.02 +0.77 +0.88 +0.63 +1.45 -2.24	+0.83 +0.85 -1.02 +0.77 -0.83 +1.45 -2.24	±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815		
hanges are for Eco, the djustment calculated by	unges are for Eco, therefore positive change denotes a week currency assument calculated by Financial Times.						

E	EURO-CURRENCY INTEREST RATES								
Nov 24 .	Shore term	7 Days notice	One Month	Three Months	Six Months	. Goe Year			
riung Dellar D	141-145 82-81 12-115 84-85 74-75 103-103 11-10 41-95 94-95 124-111 80-81	15-144 84-84 121-114 84-84 71-74 103-124 134-124 134-124 15-93-94 15-95 124-124 84-84	15.4 84.7 84.84.7 84.84.7 12.4 11.1 84.84.7 12.4 12.7 12.4 11.1 12.4 11.1 12	154-15 64-84 124-11-8 87-84-8 84-8 104-10-12-12-9 94-98 104-45 124-11-8 124-11-8 124-11-8	143-143 8-18 8-18 12-114 8-184 7-17-73 8-184 103-103 124-125 103-103 103-114 8-8-8-8	14 - 141 8 - 74 11 - 11 - 12 9 - 8 - 8 7 - 7 8 - 8 10 - 10 9 - 9 10 - 9 10 - 9 10 - 9 11 - 11 8 - 8			

Long term Eurodollars: two years $8\frac{1}{4}$, $8\frac{1}{4}$ per cent; three years $8\frac{1}{4}$, $8\frac{1}{4}$, per cent; flow years $8\frac{1}{4}$, $8\frac{1}{4}$, per cent, comissal. Short term rates are call for US Dollars and Japanese Yee; others, two days' optice.

Hor.24	£	5	DM	Yes	F Fr.	S Fr.	H FL	Lira	CS	B Fr
<u>r</u>)	1.563	2.820	224.3	9.625	2.523	3.183	2079	1,822	59.3
5	0.640	1	1.804	143.5	6.158	1.614	2.036	1330		37.9
DM	0.355	0.554	1	79.54	3.413	0.895	1.129	737.2	0.646	21.0
YER	4.458	6.968	12.57	1000.	42.91	11.25	14.19	9269	8.123	264
F Fr.	1.039	1.624	2.930	253.0	10.	2621	3.307	2160	1.893	61.6
S Fr.	0.3%	0.620	1.118	88.90	3,815	1	1.262	824,0	0.722	23.5
K FI.	0.314	6.49)	0.886	70.47	3.024	2.793	1.531	653.2	0.572	28.5
Lira	0.481	0.752	1.356	107.9	4.630	1.214		1000.	0.876	28.5
C S B Fr.	0.549 1.686	0.858	1.548 4.755	123.1 378.2	5.283 16.23	125	1.747 5.368	1141	3,073	32.5 100.

am Nov 24)	3 months US dollars	ó months	US Dollars
8.2	ofter 8/2	ble 8	affer 81
	meus means rounded to the near reference basis at 11,00 a,m. s sche Back, Banque kational de		

	re:	OMEY	RAT	ES		
NEW YORK			Treasury	Bills and E		
(Lurchtime) Prime rate Broker late rate Fed lands Fed lands at later addition.	16: 16: 10: 16: 9: Sh	month month month extf		7.55 Foury 7.72 Five y 7.66 Senen 7.54 10-ws		7.67 7.67 7.73
Hov 24	Overhicht	Core Llogih	Tyra Mantes	Tirree Months	Six Worths	Loopbard Intervention
Frankfart. Paris Zerick Annthertum Lohyo Milan Enysels Dation	8 15-2 30 8 15-2 30	7 55-7 70 101-102 74-75 8 25-8 31 611-61 121-13 913-91 102-114	8.00-8.15 10%-10%	8.00-8.15 101-104 75-74 8.35-843 60-68 121-13- 91-98 113-12	805-8.25 104-104 - - 122-123	8.00 9.50
<u></u>	OKDO	N M			S	One
Nov 24	Overnight	7 days notice	One Month	Three Months	Six Months	Year
Interbank Gifer Interbank Gifer Interbank Bd. Sterling LDT. Local Authority Bors. Local Authority Bors. Local Authority Bors. Company Depoils. Finance Michae Depoils. Finance Michae Depoils Finance Michae Bulls: Bury Bollar CDs. SPR Linked Dep Offer SER Linked Dep Offer SER Linked Dep Bd. EGU Linked Dep Depoils	145	147 147 147 147	15.15 15.15 15.14.15 15.14.15 15.14.15 15.14.15 15.14.15 10.25	15.4 15.1 15.1 15.1 15.1 15.1 14.1 15.2 16.2 16.2 16.4 16.4	14 14 14 14 14 14 14 14 14 14 14 14 14 1	14½ 14½ 14½ 14½ 14½ - 14½ - 8.00 9 8 10½

Treasure Bills wall, commonth 14% per cent; three months 14½ per cent; Bank Bills (self): one-month 14% per cent; three months 14½ per cent; Bank Bills (self): deem month 144% per cent; three months 14½ per cent; Treasure Bills, Average tender rate of discours 14 4450 c EEED Fixed Rate Streing Export Finance, Make and any October 31, 1999 discours 14 4450 c EEED Fixed Rate Streing Export Finance, Make and any october 31, 1999, Scheme Scheme; 14 dill 16 220 c Reference rate to be forted sept 32, 1989 to October 31, 1999, Scheme Scheme; 14 dill 16 220 c Reference rate for beried sept 32, 1989 to October 31, 1999, Scheme 15 40% p.c. Local and the party and finance Houses sept days outlee, others served days volve 15 40% p.c. Local and the party and finance Houses sept days outlee, others are days forted and the party of the part

MONEY MARKETS Softer tone

INTEREST RATES eased in London yesterday. Three-month interbank fell to 151-15 from 15%-15 per cent.

UK clearing bank base lending rate 15 per cent from October 5

The Bank of England forecast a credit shortage of £650m, revised to £600m, and back to £650m. Help totalled £599m.

Before lunch the authorities bought £173m bills by way of £12m bank bills in band 1 at 14% per cent plus £40m Trea-sury bills and £121m bank bills in band 2 at 14% per cent. Another £341m bills were bought in the afternoon, via £3m Treasury bills and £186m bank bills in band 1 at 14% per cent, plus £118m Treasury bills and £34m bank bills in band 2 at 14% per cent. Late assistance of £85m was given.

Bills maturing, repayment of late assistance and a take-up of Treasury bills drained £312m, with a rise in the note circulation absorbing £480m. These outweighed Exchequer transactions adding £120m and bank balances above target of £35m.

LIFFE LONG GELT FUTURES OPTIONS 150,000 64% of 100%	LIFFE US TREASURY BOND FUTURES OPTIONS \$100,000 64th of 100%	LIPPE BUMD FUTURES OFTERS 09(250,000 paints of 100%
Strike Calls-settlements Puts-settlements Price Mar Jun Mar Jun	Strike Calis-settlements Puts-settlements Price Mar Jun Mar Jun	Strate Calis-settlements Purs-settlements Price Mar Jun Mar Jun Proce 1 75 2 65 0 36 0.54
99 403 5-24 0-21 0-36 90 3-15 4-38 0-33 0-50 91 2-30 3-56 0-48 1-04 92 1-54 3-15 1-08 1-27	96 4-15 4-41 0-27 1-01 97 3-28 3-61 0-40 1-21 98 2-45 3-21 0-57 1-45	9050 140 169 0.51 070 9100 100 140 0.70 091
93 1.21 2.41 1.39 1.53	99 2-05 2-49 1-17 2-09 100 1-33 2-17 1-45 2-41	9150 0.83 113 0.94 1.14 9200 0.62 0.90 1.23 1.41
94 040 249 2-14 2-21 95 0-42 1-45 2-60 2-57	101 1-06 1-53 2-20 3-13 102 0-51 1-30 2-63 3-54	,,,,,,
stimated robure total, Calls 320 Pats 270 revious day's open int. Calls 4254 Pats 3565	Estimated volume total, Calis 134 Puts 75 Previous day's open (se. Calis 218 Puts 337	Estimated volume total, Calls 1425 Pats 1168 Previous day's open lot, Calls 11023 Pats 9842
LIFFE E/S OPTIONS 125,000 (cods per EI)	LIFFE EUROBOLLAR OPTIONS Elm points of 188%	LIFFE SHORT STEELING OFFICERS E588,000 points of 1885.
Strike Calls-cettlements Puts-settlements Price Dec Jan Dec Jan 140 16.25 16.25 0.00 0.03	Strike Calis-settlements Puts-settlements Price Des Mar Des Mar 9125 0.55 1.13 0.01 0.03	Strike Calk-settlements Pric-settlements Price Dec Mar Dec Mar 8475 0.31 1.19 0.05 0.10
145 11.25 11.25 0.03 0.23 150 625 625 0.32 0.98	9150 0.31 0.90 0.62 0.05 9175 0.11 0.68 0.07 0.08	8500 012 4 98 0.11 0.14 8525 0.04 0.78 0.28 0.19
160 0.57 1.07 4.93 6.04	9200 0.02 0.49 0.23 0.14 9225 0.01 0.34 0.47 0.24 9250 0.00 0.21 0.71 0.36 9275 0.00 0.12 0.96 0.52	8575 001 0.46 0.75 0.37
Stimmtel volume total, Culfs 30 Pots 0 Previous day's open Int. Calfs 211 Pots 16	Estimated volume total, Calls 825 Puts 0 Previous day's open let, Calls 4034 Puts 2815	Estimated volume total, Calls 1431 Pals 1944 Previous day's open ins. Calls 60344 Pals 59624
LONDON (LIFFE) 26-YEAR 9% NOTERAL ED.T	THREE MONTH BURGHARK DM Lm pelets of 185%	FT-SE 100 INDEX £25 ptr fail index paint
39,058 32mb of 100%	Close High Low Prev. Det 91.74 91.76 91.70 91.70 May 91.83 91.86 91.81 91.76	Close High Law Pres Dec 2217.0 2225.0 2209.0 2221.4 Mar 2260.0 2260.0 2255.0 2264.
Dec 91-21 91-22 91-09 91-1 Mar 92-23 92-25 92-15 92-1	7 Sep 92.02 92.03 92.00 91.95	Jun 2300.0 2297.0 2297.0 2304.
iss 93-26 93-21 93-21 93-2 Stimulai volume 11773 (20172)	Esthwated volume 7420 (6296) Previous day's open (at, 29589 (29816)	Estimated values 5577 (5091) Previous 63/s open Int. 34735 (34724) Postup-s (POREIGN EXCHANGE)
Previous day's open Int. 33723 (35601)	THREE MONTH SCU SCU Im paints of 100%	Seet 1-mth. 3-mth. 6-mth. 12-mth
	Close High Law Pres	1.5625 1.5541 1.5374 1.5144 1.4760
TREASURY BONDS 8% 80,868 32mb of 180%	Nar 89.63 89.69 89.61 89.62	Latest High Low Pres Dec 1.5580 1.5612 1.5546 1.5576 Mar 1.5328 1.5348 1.5300 1.532
Close High Low Pre- s 94-28 99-29 99-20 99-2 ar 99-26 99-25 99-22 99-2 n 99-20 99-7	Previous day's open lat. 1036 (1021)	Mar 15328 15968 15300 15320 June 15100 1,5140 1.5100 1.5100
throted whose 1328 (392)	PHILADELPHIA SE E/S OPTEMS ESI,250 tends per El)	
stors day's open int. 8284 (8223)	Surthe Calls Price Dec Jas Feb I	Pots Nor Jan Feb Mar
	1500 6.20 6.40 6.34 6 1.525 3.80 4.28 4.42 4	47 0.07 0.65 1.60 2.33
4 HETTERNAL GESMAN CAVT. 90013 1250,000 100355 of 100%	. 1,600 0,24 0,83 I,25 I	.52 2.46 3.83 5.18 6.15 .62 4.39 5.63 6.95 7.90
Giose High Low Pro c 91.24 91.40 91.09 91.0 ar 91.39 91.58 91.25 91.1	. 1650 - 0.21 0.44 0	.65 9.01 9.89 11.06 11.82
on 91.49 91.2 Stansited volume 38281 (32950)	Previous day's open lett: Calls 329,418 Parts 344,361 Previous day's volume: Calls 25,770 Parts 28,943 (All CHICAGO	(urracis)
revious day's open int. 39510 (41919)	U.S. TREASURY 80005 (CBT) 8% \$186,988 \$266 of 180%	JAPAJESE YEN (DINU) Y12-Sin S per Y100
% NOTIONAL LONG TERM JAPANESE SOVI.	Latest High Low Prev. Dec 99-29 99-29 99-23 99-21	Dec 0,6971 0,6980 0,6970 0.6986
1000 Y190m 190 ps of 180 % Close High Low Pres Dec 104.24 104.34 103.94 103.8	Mar 99-28 99-28 99-23 99-20 Jan 99-19 99-16 99-12	Mar 0.5995 0.7006 0.5995 0.7014 Jun 0.7020 0.7020 0.7020 0.7034
Dec 164.24 164.54 163.94 163.8 Nov 164.21 164.30 164.10 163.7 No	Mar 98-15 98-15 98-11	
stimated volume 660 (407)	Aun 98-01 Sep Des 97-16	SEUTSCHE MARK (IMM) DH125,000 \$ per IM
revious day's open int., 1099 (1109)	Mar 97-06 Jun	Latest High Low Prev Drec 0.5533 0.5553 0.5531 0.5512 Mar 0.5530 0.5553 0.5530 0.5513 Jan 0.5535 0.5547 0.5535 0.5508
HREE MONTH STEELDIG	O.S. THEASURY BOLLS GRAD	Jan 0.5535 0.5547 0.5535 0.5500
580,500 points of 109%	\$1m points of 186% Lates: High Low Pres. Dec. 92.84 92.64 92.78 92.77	THREE-MORTH EUROCQLLAR (GRAN) \$1m paints of 100%
Close High Low Pre- ec 85.01 85.02 84.96 85.0 Lar 85.84 85.85 85.79 85.9 es 86.83 86.85 86.79 86.8	Mar 93.50 93.50 93.47 93.45 Jun 93.61 93.62 93.61 93.58	Laiest High Low Prev
im 9754 9757 9759 975	_ 	
Rt. 88.00 88.02 67.72 89.0 Rar 88.25 88.25 88.15 88.2 ms 88.40 88.34 88.31 88.3 mp 88.50 88.50 88.50 88.43		Dec 92.01 92.01 91.97 91.92 Mar 91.92 91.92 91.88 91.83
st. Vol. (loc. fics. not shown) 22667 (46684)	·	Jun 91.80 91.80 91.76 91.75 Sep 91.72 91.73 91.68 91.63
revious day's open lat. 139900 (135909)	SWESS FRANC (DUN) SFr 125,000 \$ per SFr	STAMBARD & POGRS 500 DIGNEX \$500 Linus index
REE HONTH EUROOLLAR	Latest High Low Prev. Dec 0.6201 0.6217 0.6199 0.6209 Mar 0.6208 0.6223 0.6206 0.6218 Jun 0.6213 0.6220 0.6210 0.6218	Latest, High Low Prex. Dec 345.10 345.15 343.70 341.91 Mar 349.10 349.25 347.80 346.80
in points of 190%	Mar 0.6208 0.6223 0.6206 0.6214 Jun 0.6213 0.6220 0.6210 0.6218 Sep - 0.6226	Jun 352.50 353.00 352.20 350.70
c 91.79 91.80 91.75 91.74 w 97.35 92.37, 92.32 92.37	TRADITION	AL OPTIONS
p <u>92.30 92.31 92.28 92.26</u> c 91.99 92.00 91.99 91.95	First Dealings Nov 6	Calls in Norfolk Capital, Century
ar 9191 91.67 ■ 91.79 91.77 91.77 91.75 pp 91.71 91.67	● Last Dealings Dec 1 ● Last Declarations Feb 22	Oils, Wembley, Geers Gross, Kel Energy, Aviva Pet., British &
st. Vol. Cur. Res. act shown) 4024 (4800)	 For settlement Mar 5 For rate indications see and of 	Comm., Oliver Res., Business Technology, Utd. Scientific. Put in
rentous day's open lat. 44243 (44243)	London Share Service	Lowndes Queensway.
	ONDON TRADED OPTIO	NS.
THE LONDON traded options		active, trading 800 contracts. O
	imai was cusul on a scaldia.	COURT DEWINE FAU CANTRICAL

. * *		: LC	NDON	TRAD	ED OP	TION
LONDON	traded	options	deal wa	s based o	on a stra	ngle, a

deal was based on a strangle, whereby 1,000 December 2,150 puts and 1,000 December 2,300 calls were sold at 31p and 20p, respectively. This was offset by the purchase of 2,000 December 2,300 puts at 117p, and also by buying 650 December FT-SE tutures contracts at 2,215. The market was less active yesterday despite the modest increase in underlying equity business. The market's attention was largely tocused on the FT-SE 100 index option contract, which was Total market turnover strace.

Total market turnover stood at 23,034 contracts, of which 10,739 were calls and 12,295 were puts.

FT-SE accounted for a large portion of the day's business, and traded 9,989 contracts, of which raced 9,969 contracts, of which 3,374 were calls and 6,615 were puts. The December 2,300 put series was the busiest, trading 2,031 contracts. The major feature of the day was a mildly buillish FT-SE trade executed by James Capel. The

30 43 49 12 25 32 4 13 21

390 60 65 75 3 8 11 420 37 40 55 8 14 20 460 12 17 30 25 29 35

110 13 18 20 5 8 9 120 65 12 14 10 11 14

buying 650 December FT-SÉ tutures contracts at 2,215. The order was initiated at midday and was not completed until just before the close of business.

Among the stock options, Grand Metropolitan was the busiest as the underlying share rose 10 to 537p on speculation that it was set to sell its UK brewing interests. Grand Met turned over 1,356 lots, of which 566 were calls and 800 were puts. The January 500 put series was the most CALLS PLITS

Jam Age Sal Jam Age Age

460 30 52 59 15 21 30 500 12 30 40 39 43 50 550 34; 13 - 83 84 -33 43 50 5 10 13 14 25 35 16 25 36 Brit. Airways 180 28 34 37 1½ 3½ 5½ 6°285 1 200 12 20 24 6½ 9 13 220 1 - 95 - -24 34 38 5 8 13 11 22 27 15 18 21 45 14 18 29 31 33 500 52 60 75 17 27 33 550 24 38 52 42 53 58 600 11 22 ~ 85 90 ~ 750 70 98 115 20 37 43 840 40 68 75 48 65 70 Brit. Telescom 240 29 39 44 3 4½ 6½ (*265) 260 15 25½ 30 7½ 9 12½ 280 6½ 14½ 18½ 21 22 23

140 24 25 29 2 3 5 160 7 11 14 8 11 14

January calls was noted.

British & Commonwealth again British & Commonwealth again featured after the recent management shake up, although its share closed unchanged at 82p. Dealers noted one sale of 250 April 80 puts. B & C traded 863 lots of which 164 were calls and 699 were puts. The April 80 put series was the busiest, trading 437 contracts.

Elsewhere, Cable & Wireless

Elsewhere, Cable & Wireless Elsewhere, Cable & Wireless traded 741 contracts, of which 813 were puts and 126 were calls. The January 460 put series was the busiest, turning over 346 contracts. Of the other features, 775 P & O contracts changed hands, and 707 TSB were also traded.

CALLS PUTS
Jam Apr Jai Jam Apr Jai

100 13 17 21 5 9 12 110 7 13 16 8 15 17 700 37 72 100 20 36 42 750 13 47 74 47 60 65 221 171 121 72 28 6 1½ ½ ½ 233 186 145 101 65 40 22 13 25 26 186 150 133 100 71 48 32 265 225 186 150 118 90 65 47 1 137 - 255 - 200 - 148 -

Net. Dis 51 Actrust New Dawn B Wis.
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50 **#03.2%** | 5.2 | 1.5 | 13.4 #3.5 2.5 3.9 11.0 #4.25 2.6 7.4 7.0 #4.5 11 5.5 22.1 040% 016% 03.38 FIXED INTEREST STOCKS Clasing Price £ 104p 108²pp 1030 99²k 102p 103²pp 100²k 51p 104p 103 100p 88p 138p 20/10 17/11 & S Optioners 8/12 RIGHTS OFFERS

LONDON RECENT ISSUES

EQUITIES

Paid up

7pm 4.pm 21.pm 87pm 7pm 39pm 16pm

4 pm 4 pm 1 5 pm 50pm 4 pm 21 pm 4 pm

EAU DEAR?

This week the sale of water shares reaches its climax.

But which ones are worth chasing even if you don't get a customer discount?

On Friday, Investors Chronicle assesses the individual water companies.

What are their strengths Where are the risks? And which will provide the real money-making opportunities?

Find out in this week's Investors Chronicle.

Make sure you get your copy. £1.20 from all good newsagents.

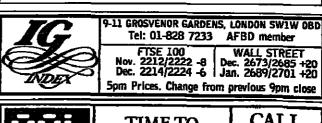
INVESTORS CHERONICLE



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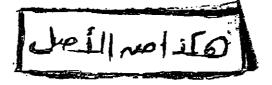
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WORLD STOCK MARKETS

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WORLD STOCK MARKETS

Easing of monetary policy enlivens trading

THE CONFIRMATION of a further easing in US monetary policy sent stock prices sharply higher on Wall Street, and helped liven up the traditionally subdued trading between the Thanksgiving holiday and the weekend, writes Anatole Kaletsky in New York.

The Dow Jones Industrial Average opened 17 higher, extending its 17.49-point pre-holiday rally on Wednesday. After some light profit-taking, prices climbed again from mid-morning onwards, in response to the Federal Reserve's signals that it was satisfied with the new lower level of interest rates established on Wednesday.

By 2 pm the Dow was 20.91 up at 2,677.69. Although trad-ing was light, with only 59m shares changing hands by I pm, activity was brisker than usual for the day after Thanks-

analysts, was the ratio of more than two to one between advancing stocks and decli-

The bond market was less sanguine about the Fed's easing move, with most Treasury issues showing almost no movement. The benchmark 30year long bond was it up at 102H, a price at which it yielded 7.87 per cent. The Federal Reserve exe-

cuted matched sales in the money market when the Fed Funds rate fell to 83 per cent, but the key rate stabilised at 8% per cent. This persuaded most analysts that 8% per cent was the central bank's new target, implying a % point reduction from the 8% per cent tar-get that had prevailed for the past few weeks.

Some analysts attributed the sluggishness in the bond market to the dollar's newfound weakness, especially against

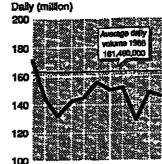
Ramonean currencies and this could divert substantial international capital flows away from the US fixed-interest mar-

kets, they noted. In the equity market, the buying extended to many blue chip issues, as well as gold mining stocks. The biggest blue-chip gainer was again Texas Instruments, which advanced \$1 % to \$37% in heavy trading. Buyers have continued to pile into the stock after the revelation earlier this week that TI had won a significant patent suit in the Japa-

nese courts. Other technology and indus-trial issues also did well, Unisys rising \$% to \$15 and General Electric gaining \$% to

The gold sector has benefited strongly in the last month from the rise in the gold price and the fall of the dollar. It has received a further boost from

NYSE volume



8 9 1D 13 14 15 16 17 20 21 22

the easing of US monetary pol-icy and the implied possibility of higher growth and inflation. Homestake Mining was among the Big Board's most active sues, showing a gain of \$% to \$19%. American Barrick, another gold miner, also advanced, by \$% to \$32%. Primerica added \$% to \$28%

acquire a consumer-lending business from Barclays Bank for \$1.35bn

Texas Air gained \$1 to \$12%, after the news that the airline pilots at its Eastern Airlines subsidiary had abandoned their eight-month strike.

Canada

GOLD ISSUES climbed higher by midsession in Toronto, on the back of the rising bullion price. Most other stocks also firmed, although trading was very quiet. Gold shares had fallen

recently after issues of shares and warrants by American Barrick and Lac Minerals. Advances outpaced declines by 276 to 203, but the composite index fell 13.8 to 3,929.6 on Xerox Canada rose C\$2% to

volume of 13m shares. C\$22 after approving a three-for-one share swap with Xerox Corp on Thursday.

Victoire of France. In the same

sector, profit-taking pulled Haf-nia DKr6 lower to DKr585 in

Food group Superfos was also busy, gaining DKr80 to DKr5,950 on speculation about

STOCKHOLM remained ner-

vous about interest rates and the economy, closing mixed in low turnover. The Affars-

2.4 to 1,128.9, a fall over the

Astra free B shares gained

SKr2 to SKr307 in the day's

most active trading on news that Losec, its anti-ulcer drug,

will be introduced in France.

in thin trading, with a few exceptions. The cash market

index was off 4.45 at 6,574.12 —

Bekaert, the family-owned

steel cord maker, surged 8.8

a week's gain of 1 per cent.

BRUSSELS was also mixed

världen General index eas

week of 2 per cent.

active trading.

a restructuring

Japan approaches end of a hard year with satisfaction

Ian Rodger explains why opportunism is in vogue

HE NEW year rally has begun, said a Tokyo fund manager yesterday, with a mixture of relief and satisfaction.

The relief was that this year.

The relief was that this year, which has been a difficult one in which to read Japanese stock markets, has not worked out as hadly as it might have. The satisfaction reflected the prospect of entering a period when the course of the market ight be more predictable. Japanese stock markets almost always put on a rally at

the end of one year and the beginning of the next. "The market has risen between November and March every year for the past 15 years, another Tokyo analyst said. That is an interesting statis-tic, but perhaps not as helpful as it sounds. Tokyo is a fastmoving scene. In some years, it would have been quite possible to lose a bundle between November and January and, if you did not have the stomach to stick it out to March, not to have benefited from the overall bull market.

Various reasons are given for this tradition of year-end/ new year bull markets. For one thing, the Japanese like to end a year and start a new one on a note of success. For another, especially this year, savings accounts are boosted by vast year-end bonuses - in some cases equivalent to over five months' pay. The big brokers, whose influence in the market is rarely underestimated, also like things to be buoyant as they approach their March

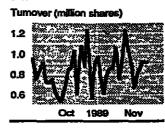
Thus, the word in the market is that the Nikkei average of 225 leading shares should reach 38,000 by the end of December. That is not too outrageous a target, as one analyst said, given that it closed

vesterday at 36.484.47. The market has performed well in recent weeks, with the Nikkei rising steadily from the 34,500 level just after the New York crash on October 13 through the previous 35,000 peak reached in August to its current all-time high. This progress was achieved in spite of a heavy load of new issues and a background of rising interest rates and uncertain political trends. The Tokyo

Stock Price Index (Topix) of all TSE first section shares has also done well, rising into record territory above 2,700 in the past few days.

Analysts can adduce few reasons for such strength. "In the short term, there appears to be little more than cash and positive sentiment to support the market." one wrote last week. The enthusiasm for the domestic economic boom that propelled the market two years ago appears to have played

Tokyo Nikkel Average (1000) Nikkel Average (--- , 36.5 :: 36.0 :: 35.0 :: 35.0 :: 34.5 :: 34.0 *



itself out. The latest round of corporate financial results for the half year to September has seen that theme substantially fulfilled. Companies have been reporting strong profit growth and making upward revisions of earnings estimates for the

The Wako Research Institute of Economics, which analysed the results of 312 leading quoted companies, found that their average pre-tax profits were up 20 per cent from the same period last year and their average pre-tax margin reached 5.8 per cent, the high-

But the stock market has remained largely unmoved, indicating that these results had been widely expected. Analysts say investors expect the economic background to stay favourable for most of next year, but are beginning to ask questions about the year after. Lacking a guiding theme, the

market has taken on an oppor tunistic tone, with investors jumping in and out of stocks that seem to be in favour on any given day. In the past few weeks, the perestrolka theme has been one of the most popular. The idea is that Eastern European markets will open to trade and Japanese trading companies will benefit.

Marubeni, the trading company with the best contacts in Eastern Europe, has been a top performer, rising from Y840 on October 20 to Y986 yesterday.

Another popular theme has been mergers and acquisitions, with a rush to find stocks that might be involved in such deals. Yasuda Fire and Marine shares have been bought because of rumours of a big restructuring in the casualty insurance sector. They have climbed from Y1,470 on Octo-

ber 20 to Y1,860 yesterday. In this speculative environ-ment, volume has recovered only gradually from the weak summer doldrums, when it was a good day if more than 500,000 shares changed hands.

These days, daily volume is more likely to be 900,000 to 1m, but that is still a far cry from February, at the peak of the last new year bull market, when volumes were averaging more than 1.5m shares a day. Investment trusts, securities houses and foreigners have been net sellers in recent weeks, leaving banks as the

only enthusiastic buyers. There are reasons to hope that the uncertain tone of recent weeks is lifting. The political background seems to be stabilising, with little prospect of a general election before late January. And it now looks as if the ruling Lib-eral Democratic Party will be able to hold on to its majority in that election.

On the economic front, the easing of US interest rates and some good figures last week on Japanese wholesale price trends have reduced fears that the Bank of Japan will continue to push interest rates up. One analyst also pointed out that share futures prices have just moved ahead of actual prices for the first time in a couple of weeks.

It all seems to point to a happy end to 1989.

Mixed week draws to close with a flourish

FINANCIAL stocks shone 10 most-active stocks list. again during a confident close to the European week, helped by the easing in US interest rates and by more talk of alliances and takeovers, writes Our Markets Staff. FRANKFURT had a lively

Friday as turnover rose from STARTING ON January 15, Frankfurt stock exchange trading hours will be extended from two to three per day. The market will be open from 10.30 am to 1.30 pm; at present, it does not open until 11.30 am. Dealers in London said that the extension was needed to provide a continuous trading base for the new options and futures exchange, DTB. However, they observed it would not allow Frankfurt dealers to

DM4bn to DM5.3bn, reflecting the strength of the D-Mark and the continued recovery of the West German bond market. Financials had another good day with Deutsche Bank, Dresdner, Allianz and Com-merzbank all featuring in the

CHEERED BY further signs of

an improving outlook, inves-tors returned enthusiastically

from a day's boliday to continue selective buying and lift

the Nikkei average to a third

consecutive record, writes

Michiyo Nakamoto in Tokyo.

The market resumed its

upward climb in early trading,

with the Nikkei average advan

cing to an intraday high of

36,486.43. It slipped to a low of

36.304.75 before closing just off

its high at 36,484.47, up 197.55

points on the day and 1.4 per

Advances outnumbered declines by 577 to 345, with 203

issues unchanged. Turnover

edged down from the 922m

shares traded on Wednesday to

918m. The Topix index of all

listed shares posted a strong

rise of 22.40 to a record 2,759.60,

while in London the ISE/Nik-

kei 50 index added 2.96 to

tomo Metal Mining, the leading

Japanese company mining gold, topped the actives list

S

Gold was a fevourite because of rising bullion prices. Sumi-

cent on the week.

2,086,35.

ASIA PACIFIC

ee what Wall Street did on

Monday mornings, and so avoid the October 16 debacle.

The DAX index rose 20.83 to 1,555.1 for a two-day rise of 2.7 per cent; this was its high level since the collarse of October 16 and left it 1.6 per cent higher on the week. The FAZ rose 6.92 to 655.28 for a week's

rise of 1.3 per cent.

Deutsche Bank and Allianz were up DM15.50 and DM59 at DM696.50 and DM2.189 respectively. Siemens held its place at the top of the volume charts,

up DM9 at DM609 in turnover of DM821m. PARIS closed firmly after a shaky start, helped by the strength of West German shares, a rally on the domestic financial futures market and a solid opening on Wall Street.
The OMF 50 index closed 4.11

higher at 508.24, a rise of 1 per cent this week, and the CAC 40 index was up 14.53 at 1,858.09. spotlight remained on special situations. Suez gained FFr10.20 to FFr405 on news it s talking to Baltica Holding, the Danish insurance group, about co-operation involving Groupe Victoire, the insurance company that Suez acquired in

Paribas, the other leading investment banking group, gained FFr15 to FFr610. It now

with 34.8m shares traded and

Aoki, the construction com-pany, also attracted attention because of its gold business via

a subsidiary in Brazil. It took

third place on the actives list

with 25.3m shares and rose Y60, or 3.6 per cent, to Y1,710. It is also considered a political

stock, being pushed up before election time to help politi-cians in need of funds. National elections to the Lower

House of the Diet (parliament)

could be as soon as January.
With the start of court hear-

ings on the Recruit share sale

scandal, which led to heavy criticism of the means by

which they raise funds, politi-cians "are probably going to

have to rely much more on the

stock market for funds this

year," said one foreign broker.

Prospects of lower interest rates made financials look

cheap and Nomura Securities

posted a Y120 gain to Y3,510. Large-capital steels also benefited, with Sumitomo Metal

Industries second in volume and rising Y20 to Y790.

Interest-rate sensitive, large-capital stocks rose in Osaka,

lifting the OSE average 183.13

THURSDAY NOVEMBER 23 1989

rose Y140 to Y2,230.

has 21 per cent of its bid target, Navigation Mixte, but there are doubts about whether it will win sufficient acceptances to succeed. Its offer closes on Wednesday evening.

Mr Marc Fournier, chairman of Mixte, said in a newspaper interview that he did not plan a counter-bid for Paribas, but suggested that the bank was already under threat. Mixte eased FFr1 to FFr1,851.

Chargeurs, the transport group, climbed FFr53 to FFr1,180 after 37 per cent higher nine-month sales. There was fresh speculative interest in Euromarché, the retailer, up FFr277, or 6.6 per cent, at

FFr4.448.

ZURICH saw buying interest in the banking, insurance and consumer sectors as the Crédit Suisse index rose 6.1 to 616.9, 2.2 per cent higher on the week. A weaker dollar, slightly lower interest rates and gains

SOUTH AFRICA

LIGHT profit-taking trimmed gains by Johannesburg gold shares, but the JSE Gold index still closed 44 points up at a preliminary 2,146 — a rise of 8.9 per cent over the week.

to a record 37,640.36. Volume

climbed to 101m shares from

the 85m traded on Wednesday.

SETBACKS IN Australia, New Zealand and Taiwan contrasted

with buoyancy in Singapore

and equanimity in Hong Kong. AUSTRALIA took a sharp

fall as nervousness grew about the strength of the local dollar, the steep rise in the gold price,

and the economic outlook after

news that October suffered the

second worst monthly current

account deficit on record.

The All Ordinaries index fell

16 to 1,615.9, its biggest single-day loss for more than a

month. That left it 1.1 per cent

lower on the week in turnover

Bond Corp lost 1 cent to 30 cents. Metals Exploration and Mid-East Minerals, two compa-

nies controlled by the Bond family company, said they had

revised their results down

sharply after marking down

the value of convertible notes

issued by Bond Corp Securities by 40 per cent. NEW ZEALAND saw falls in

both the share and share

WEDNESDAY NOVEMBER 22 1988

of 128m shares worth A\$216m.

Roundup

in Tokyo were advanced as reasons for the rise.

AMSTERDAM ended the

week in more sanguine mood. The strong results from insurance companies NatNed and Amey continued to support the market; Aegon, which reports next Wednesday, gained a fur-ther Fl 1.40 to Fl 109.70 for a two-day rise of 4 per cent, and banks were also strong. The CBS tendency index closed higher for a second day,

adding 1.1 points to 181.5, a week's rise of 1 per cent. MILAN finished higher in moderate trading, the Comit index rising 2.48 to 670.36 for a 2.2 per cent rise on the week. Tough talk from Montedison, on its tax position and on the terms under which Enimont was spun off, brought speculation in the latter, which added L47 to close at L1,405, then oved up to L1,470 after hours.

MADRID held above the 300

previous Friday.
COPENHAGEN again relied on individual stocks for its excitement, with the bourse index edging up 0.27 to 359.26. Baltica Holding and Baltica insurance were suspended for alliance talks with Suez and

clays index down 14.56 at

kept buying blue chips, encouraged by Japan's strong performance. The Straits Times industrial index rose 7.22 to

1,385.27, a gain of 3.5 per cent

from the previous Friday, and turnover reached 76.8m shares

from Thursday's 66.3m. HONG KONG drifted higher

in moderate volume worth

HK\$862m, up from HK\$678m, and the Hang Seng index added 7.74 to 2,808.53, barely

The index had recovered

from early losses following a downward revision of eco-

TAIWAN fell heavily as confidence took a further knock,

the weighted index dropping well below 10,000 to 9,878.61,

down 215.38 on the day and 4.3

on the composite index,

MANILA lost ground as investors focused on the gold price and the mining sector. The composite index was off

DOLLAR SHOEK

rebounding 16.79 to 907.44.

SEOUL regained the 900 level

nomic growth for this year.

changed on the week.

per cent on the week

10.97 at 1.375.55.

SINGAPORE institutions

level with a gain of 0.99 to

301.13, up 1.6 per cent since the

per cent on takeover specula-tion, adding BFr1,325 to BFr16,450 on active turnover of 12.170 shares HRLSINKI regained some

ground after sharp falls this week. The Unitas all-share index rose 10.6, or 1.8 per cent, to 591.4, leaving it 6 per cent

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FT-ACTUARIES WORLD INDICES

Optimism helps Nikkei scale another peak

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks	US Dollar Index	Day's Change %	Pound Starting Index	Local Currency index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
per grouping						- 00	140 45	100.40	105 10	400.44	128.28	148.53
Australia (85)	148.45	+0.2	139.00	124.53	−0.5 +0.0	5.39 1.79	146.15 144.46	138.46 136.86	125.18 136.17	180.41 172.22	92.84	99.45
Austria (19)	144.31 145.51	~0.1 ~0.3	136.97 138.11	136.24 137.07	-0.1	4.04	145.90	138.22	137.27	145.90	125.58	135.35
Belgium (63)	148.40	+0.1	140.86	125.56	-0.1	3.23	148.29	140.48	125.63	154.17	124.67	119.88
Canada (122) Denmark (36)	228.63	+0.2	217.01	219.30	+0.3	1.44	228.07	216.06	218.61	228.63	165.35	153.98
Finland (26)	118.63	÷0.0	112.60	105.70	+0.0	2.67	118.67	112.42	105.70	159.16	118,63	132.66
France (126)	135.21	+0.2	128.33	131.28	+0.5	2.83	134.95	127.84	130.61	139.94	112.57	112.05
West Germany (96)	100.36	+0.6	95.26	94.75	+ 0.9	2.20	99.77 .	94.52	93.88	103.84	79.56	88.10
Hong Kong (48)	118.52	~ 0.4	112.50	118.86	-0.4	4.79	119.02	112.76	119.40	140.33	86.41	109.55
Ireland (17)	159.46	~0.7	151.35	154.74	-0.6	2.85	160.59	152.13	155.62	166.69	125.00	134.70 86.46
lialy (97)	91.14	+0.2	86.51	91.01	+0.5	251	90.92	86.14	90.58	96.73	74.97	190.75
Japan (455),	187.51	-0.4	177.98	170.98	+ D.O	0.47	188.29	178.38	170.98	200.11	164.22	142.62
Malaysia (36)	200.97	+1.0	190.75	209.52	+1.0	2.53 0.62	196.98 288.13	188.50 272.95	207.41 833.23	209.22 326.61	143.35 153,32	176.62
Mexico (13)	287.8 9	-0.1	273.26	832.56	-0.1			120.87	118.89		110.63	110.42
Netherland (43)	128.10	+0.4	121.59	119.79	+ 0.8	4.44	127.59 74.41	70.49	67.62	131.72 88.18	62.64	71.83
New Zealand (18)	75.42	+ 1.4	71.59	68.16	+0.8	5.24 1.64	170.08	161.13	158.77	198.39	139.92	125.06
Norway (24)	172.88	+ 1.6	164.09	161.44	+ 1.7		160.79	152.32	145.23	170.62	124.57	121.25
Singapore (26)	161.68	+0.6	153.47	145.96	+0.5	2.05	170.15	161.19	149.37	171.04	115.35	121.51
South Africa (60)	171.04	+0.5	1 <u>62.35</u>	148.66	-0.5 -0.3	3.84 3.83	155.48	147.29	136.81	169.75	143.14	153.29
Spain (43)	154,87	-0.4	146.99	136.45	+0.5	2.22	161.01	152.54	153.33	188.94	138.45	137.05
Sweden (35)	161.95	+0.6	153.72	154.04		2.14	87.53	82.92	87.39	94.16	67.81	80.28
Switzerland (64)	68.22	+0.8	83.74	88.39	+1.1 +1.1	4.58	140.19	132.81	132.81	158.41	133.28	141.02
United Kingdom (305)	141.48	+0.9	134.29	134.29	+0.0	3.35	138.83	131.52	138.83	146.29	112.13	109.70
USA (546)	138.83	+0.0	131.78	138.83								
Europe (994)	125.66	+0.6	119.27	119.21	+0.8	3.53	124.97	118.39	118. 2 7	132,95	112.63	116.61
Nordic (121)	166.25	+0.5	157.80	152.12	+0.5	1.87	185.42	156.71	151.37	178.38	137.95	131.41
Pacific Basin (668)	183.22	-0.4	173.91	167.03	+0.0	0.72	183.93	174.24	167.06	194.72	160. <u>44</u>	185.75
Euro - Pacific (1982)	160.28	-0.1	152.13	147.90	+0.2	1.62	160.42	151.97	147.55	166.98	141.58	158.08
North America (668)	139.30	+ 0.0	132 22	138.00	+0.0	3.34	139.30	131.98	138.00	146.66	112.79	110.23
Europe Ex. UK (689)	114.93	+ 0.3	109.08	109.91	+0.6	2.81	114.57	108.53	109.29	118.51	96.30	101.29
Pacific Ex. Japan (213)	131.73	+0.1	125.03	118.09	-0.5	4.85	131.54	124.62	118.43	140.05	111.93	125.98
World Ex. US (1857)	160.05	-0.1	151.91	147.39	+0.2	1.69	160.17	151.74	147.06	166.35	141.49	156.39
World Ex. UK (2098)	152.42	-0.1	144.67	145.47	+0.1	200	152.63	144,59	145.38	156.04	136.98	138.28
World Ex. So. At. (2343)	151.30	-0.1	143.61	144.38	+0.2	2.21	151.38	143.41	144.18	155.92	136.67	138.61
World Ex. Japan (1948)	134.32	+0.2	127.49	130.76	+0.3	3.47	134.04	126.98	130.42	140.43	114.51	113.35
	151.42	-0.1	143.72	144.40	+0,2	2.22	151.50	143.52	144.19	155.89	136,68	138.50
The World Index (2403)												
Copyright, The Financial Latest prices were unavai of Aker, Kreditkassen, Kvas	iable for	THIS ACIDIA	n Morket	e cineen i	WINNET CO.	JOUGHI 6		-	422 2002	11/89: The 3.	restricte	d shares

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with sent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings. For those securities in which no business was recorded in Thurs-

day's Official List the latest recorded business in the four previous days is given with the relevant date. Rule 535(2) and Third Market stocks are not regulated by the

International Stock Exchange of the United Kingdom and the Republic # Bargains at special prices. • Bargains done the previous day.

Trinidad & TebegatRepublic of 12%% Un

Banks and Discount

Vaux Group PLC7% Cum Pri £1 - 71

71% Deb Sik 87/92 - 288 (20No89)
Watney,Mann 8 Trumen Hidgs PLC4%%
Ind Deb Sik - 236 (20No89)
75% Red Deb Sik 87/92 - 288

(21No89) 121% Rod Deb Six 2008 - £107 Whithread & Co PLCB Ord 25p - £11.8 6% 3rd Cum Prl Six £1 - 50 (20No89) 7% 3rd Cum Prl Six £1 - 67 (22No89) 7% Uns Ln Six 95/99 - £77%

(22No89) 77:% Urrs Ln Stk 96/2000 - £78 (20No89) 10 % Urrs Ln Stk 2000/05 - £95

(21No83) Young & Co's Brewery PLC9% Cum Pri £1 - 109 (22No89)

Housing Finance Corporation Ld5% Deb Sik 2027 - \$42% 3 (20No69)

Commercial, Industrial, etc

AAH Hidgs PLC4.2% Cum Pri £1 - 58%

(2214689) ABB Kent PLC8% Uns Ln Stk 88/93 —

(201692)
Alboon PLCCrd 20p = 68
Alboon PLCCrd 20p = 68
Alcan Alumenum LdCom Stes of NPV = £13.468413 (171689)
Alevon Group PLC5.25c (Net) Cnv Cum
Roo Pri 10p = 91 3 3 4
Albod-Segnal Inc Stes of Com Stk \$1 = £21's (211699)
Amber Day Hidgs PLC 107/% Cum Pri
195/202 £1 = 90 (201699)
Ambrean Brends Inc Stes of Com Stk
\$3.125 = 569's (218089)
Ampre United PLC Cnv Red Pri 10p = 90
(2180659)

(8000) PLCOrd 5p - 108

Arrey Holdings PLC11% Cum Prf £1 ~ 95 (17Nov9)

Associated British Foods PLC5%% Uns Ln Srk 87/2002 50p - 30 (21No89) 71/14 Uns Ln Srk 67/2002 50p - 38 (21No89)

Associated Ficheries PLC8%% Une Ln Str. 91/36 - 983 (20No89)

ASSOCIATED FIGURE WE USE IT SEE
91795 - 283 (CONORS)

ASSOCIATED FINITE FIGURE
LIT SIX 25794 - 280 (21No85)
ATMOODS PLC ADR (5-1) - 5344 % 5 % %
ATMOODS PLC ADR (5-1) - 5344 % 5 % %
ATMOODS PLC ADR (5-1) - 5344 % 5 % %
ATMOODS PLC ADR (5-1) - 5344 % 5 % %
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AUTOMICAL SOCIATION OF THE SIX AUTOMICAL SOCIATION OF THE SIX AUTOMICAL SOCIATION OF THE SIX AUTOMICAL SOCIATION OF THE SIX AUTOMICAL SOCIATION OF THE SIX (17No89)
9-1 Cum Print SIX - 94 (17No89)
Ayrahire Motal Products PLC Ord 25p 115

115
2.A.T. Industries PLCADR (1:1) - \$12% - %
2.A.T. Industries PLC 10% Uns Ln Sdx
90:55 - E94"; (17No89)
10"% Uns Ln Sdx 90:95 - E94%
(21No99)
BhS PLC 5"% Mig Deb Sdx 89/94 - 276
(21No99)

(21Nos9) 71.0- Mtg Dob Sitk 94/98 - 277 (17Nos9) 8:CC PLC60- 1st Cum Prf Sitk £1 - 60

(17/1059) in 85/90 - £94 (20No89) 71-75 Deb Sirk 85/90 - £94 (20No89) 71-75 Deb Sirk 90/95 - £95 (20No89) 8M Group PLC4.6p (Net) Criv Curn Red Pri 20p - 125 (22No89) 8CG Group PLC4.5575 Curn Pri E1 - 62

(21No69)

ADT Ld.Com Sta \$0.01 (Restricted Transfer) - £1 9 ADR (10:1) - \$30% AMEC PLC 15% Uns En S& 1992 - £100 (22No89)
Artours PLC Warrants to sub for Ord = 12
(22No99)

Registered Housing

Associations

(17No89) 7%% Red Deb Sik 88/93 ~ £84 10%% Red Deb Sik 90/95 ~ £92

Companies

Six 2009(Reg) - 095 (21No89) 12%% Lin Sik 2009(Br) - 097 (17No89)

Eritish Funds, etc. No of bargains included 1640 Treasury 9% Ln 2008 181 - £324.4

Corporation and County Stocks No. of bargains included 5 Greater London Council6%% Six 90/92 -285% 후 Berduen (City of)18.80% Red S& 2011 + 195%후 '출주 Birmingham Corp.3% Six 1947(or citsr) – £29 (17No.39) Eury (17No39) Immingham District Council 119%- Red 5th 2012 - £103 (22No69) underland(Berough of) 11%- Red Stk 2006 - £102 %-\$7.30

UK Public Boards No. of bargeins included t Agnicultural Moragage Corp PLG6%% Deb Stk 92/94 - ga2* (23No89) Sik 92/94 - £32" (20No89) 7" % Deb Sik 91/93 - £65 (21No39) 10" (12 Deb Sik 92/95 - £92 (22No89)

Scottish Agric Sec Corp 10". " Deb Sil. 89°01 - 693 (201/639) Foreign Stocks, Bonds, etc-(coupons payable in LONGON) No. of bargains included 10

Abbov National Building Sensity 61.4% Eds 1933 - 5991. (17 Not9) 1012% Bds 1998 (Br£5000850000) -91.°, Nts 1993 - \$101.55 (17No89)

Shiri, Nis 1993 – \$101.65 (17No89)
Amsterdam-Roherdam Bank Ni 121%
Nis 1999 dua 1992 – \$103.428124
Ando Group PLC 91% Cm 8ds 1999
(Reg) – £130 (22No89)
Argd Group PLC 91% Cm 8ds 2002 –
297 / (22No89)
Bardays Bank PLC 161% Sonior Subord
Bdo 1997 – \$91%
91% Gid Nis 1993 – \$90% (17No89)
British Tolecom Financo 81/7% Gid Bds
1956(95/5500850000) – \$94% (22No89)
Council of Europe Rosettiament Fund
11 % Bdo 1992 – \$95 % (20No89)

2119 (Z272089) Isons Group (Capital) PLC5%% City Gld Bds 2002 (Br(\$5000&5000)) - £59% 60 (20No89) Export-Import Bank of Japan 9V% Gtd Bds 199 - \$105.33 .355 .4 (21No89) Finland(Republic of) 10%% Bds 2008 -\$92" = (17No89)

992" (17No89) eneral Motors Accept Corp Cenada Fitg Rate Nts Nov 1996 (Br\$C100000) -Grand Metropolitan PLC6%% Subord Cnv Bds 2002 (9r55000) - £90% % tay Building Society 91/2% Nas 1993 -

\$102 (CNo69)
10%1, Nts 1997 – C90% 1 (20No89)
Fig Rato Ln Nts 1992(Br65050) –
£99.96 (21No89)
Hanson Trust PLC 10% Bds 2006
(Br6500) – £82% (20No89)
Impersal Chemical Industries PLC 10% Bds
2003 – £36% (17No89)
International Bank for Rec & Day 9 k %
Bris 2007 (Personon – £37%

Bdc 2007 (Br25000) - 007© 101% Nts 1994 - 295.) 6 (21No89) Ladbroke Group PLC5% Subord Crw Bdc 2004(Bc100085000) - 21007. Land Securities PLC5% to Crw Bdc 2002 -£84% 9-1% Crw Bds 2004 (Br2500085000) -£99% 90% (20No89) No83) onal Group PLC 4½% Cnv

ondon international Group Bds 2002 - £96 > (20N BIGS 2002 - £96 % (20No89)
National Mutual Group Finance Ld 10%
Nrs 1935 - £90% ½ (21No89)
National Westminster Bank PLC 12% Nrs
1932 - £99 3/0 ½/0
New South Wales Treasury Corp 11.5%
GIGExchBds 1999 (Br\$A100008100000)
- \$A86.95

- \$486.995 Next PLC 615% Criv Bds 2002 - £105% (17N089) ergon PLC Zero Con Bds 1992(Br£1000&5000) - £71% (20No89) Pennsular & Oriental Steam Nav Co4%% Cnv Bds 2002 - 195 % 4 % Prodental Finance 89% % Gtd Bds 2007 (8r25000510000) - 184 % (21No89) Rants Hovs McDougal PLC4% Cnv Bds 2003 (8r25000) - 1121% (20No89)

rd 8ds 1998 (Br\$5000\$25000) -

E92% 's (17No99)
Saatchi & Saatchi Finence N.V.64%
RodCnvPri 2003E1(BrShs 1000&10000)
- 291 's (20No89)
Sainsbury(J) PLC 10% Nr 1993
(BrCS000) - 294 (20No89)
Samsbury (J) (Capital) Ld5% Criv Cap Bds
2004 (BrCS) - 2104%
Stough Estates PLC 6% Criv Bds 2003 2101%

Stough Estates PLC6*s Grw Bds 2003 - ±101*.

State Bank of New South Water 13*4*s Nts 1993 (Br\$A1000&10000) - \$A96 % (177108) 141.*\$ Ser "A" Nts 1990 (Br\$A1000&50000) - \$A95 (21N089) 141.*\$ Ser "A" Nts 1994 (Br\$A1000&50000) - \$A95 (21N089) State Bank of Victoria 15:7\$ Grd Nts 1994 (Br\$A1000&10000) - \$A100**s 1994 (Br\$A1000&10000) - \$A100**s 1994 (Br\$A1000&10000) - \$A100**s 1995 (Br\$C5000) - 571**s 16**s 1995 (Br\$C5000) - 571**s 16**s 1995 (Br\$C5000) - 571**s 16**s 1995 (Br\$C5000) - \$111* (22N089) THORN EMI Capital NV5**s Gld Red Criv Pri 2004 (Br\$C5000) - \$1107** Trusthouso Forte PLC6**s Nts 1991 (Br\$R10000) - FR97*s "s (21N089) 10**s Nts 1992 (Without Warrants) - 533.1.3 (22N089) Water City of London Properties PLC Red Warrants to sub for Ord - \$135 (17N089) Western Nising Corp Lid9**s Bds 1992 - \$98**s (20N089)

Sterling Issues by Overseas Borrowers

Asian Development Bank 10°.4° Lin Sik 2009Rogi - £96 Australationmenwealth off9°75 Lin Sik 2012Rogi - £88 Australic/Commonwealth 0/197/25 Lin Str 2012/Reg - 188 97% Lin Str. 2012/8/1 – 1877/ (21Ne89) 117% Lin Str. 2015/Reg - 2103* Carsa: Centrale Do Cooperation Econ 121% (3d Lin Str 2012/Reg) – £111% (2Ne89) Carsa: Nationale Des Autoroutes 16% (8td Lin Str 2000 – £137 Clans Courses & Funces 2012/8/Lins Lin

Ln Sir 2500 - £137 Clana Overseas France IV 10% Uns Ln Six 2003 - £1012-20 " = Q Credit Forster De France 1012-6656rt nSt2011,12,13,14(Reg) - £13 (001985) = 154 (Juni989) 141/15 Gid Lin Sik 2007(Rog) = \$127% 14 (20No89)

L (20069) Creek National 13' r' - Grd Ms 1992(Br) -21070 Denmark (Eingdom of) 13% Ln Sik 2005 -Eaton Finance NV 121/16 Uns Lin Stk. 2014(Reg) = C35 1/4 O 1/4 O Electricina de Franco 121/16 Clid Lin Stk. 2008;Reg) = \$1131/4 1/4 1/4

11/4 x Gdd Sar Ln Sik 2099/12(Reg) = \$107 r O European Invostment Pank 9% Ln Stk

European muscument Park 9% Lin Six 2001 (Rod) - 287-0 91/% Lin Six 2004 Parg - 2100 % 11% Lin Six 2004 Parg - 2100 % (21/4059) Findrod Republic of 117% Lin Six 2004 (Reg) - 2104 % (21/4009) Hydro-Gunboo 12,75% Lin Six 2015 -2112 %

C1125

15% Lin Str 2011 - £107*,
Inco Ld 15% Lin Str 2011 - £107*,
Inco Ld 15% Lin Str 2006 \$ Rep Opt
- £119*, (221659)
Intor-American Development Sonk 9*%
Lin Str 2015 - £90*,
International Sank for Rep & Dev 9*%. Lin
Str 2010Regp - £50*,
11 5% Lin Str 2003 - £103*, © NiO
Protect 12% - Lin Str 2005(Reg) - £109%
(221689) (C2Ne89) New Zasland (111/% S% 2005(Reg) =

C1901: N.
1111: Six 2014(Rog) = C1031: N.
1111: Six 2014(Rog) = C1031: (22M889)
Nova Scotta(Province of) 1111: Lin Six 2019 - \$103 16 V- Un Shi 2011 - \$140% Po Portology Managaron 14, 1% Ln Stk 2006 -£96 (200085) Portograf Ragio()9% Ln Stk 2016(Rog) -£90" 1% Province de Quebec 121.45 En St. 2020 - £ 1081.

(314089)
2.6% Cum 2nd Prf \$1 = 36 (17No89)
2.6% Cum 2nd Prf \$1 = 46 52 (20No89)
12 % Uns Ln Six 2012/17 = £101 %
BS Group PLC Ond Six 5p = 390 400
(1771030)
B.S.C Intransponal PLC 12 % Uns Ln Six 9,498 = 597 & (17No89) 9.998 – £97 8 (17No89) BTP FLG7 Sp(Ner) Criv Curn Red Pri 10p - 65 90 BTR PLGADR (4:1) - \$25% (20No89) Bukry(5 H.) PLG Br Ord 10p - 35 2100". Sprintkingdom off 11%" (in SS. 2010 (Red) - 2104", (21No89) Swedon(Kingdom off 9"." in St. 2014 (Rog) - 290", (17No89) 13.5% in St. 2010 (Rog) - 2120", (17No89) (21No88) Bardsey PLC Warranto to sub for Ord - 20 Buazer PLCS 87% Cum Red Pri E1 - 83% (22No09) 8'5% Criv Uns Lin Sik 2000 - £114 irmid Qualcost PLC 7'5% Uns Lin Sik 87/92 - £88**0**

Slackwood Hodge PLC9% Cum Red Pri £1 = 88% 9 (22No89) rcia industries PLC5 1984/2009 - £61 (201 Stk 1984/2009 - £61 (20No£9) 6%% Una La Ste1975 or am - £56 Henry) & Sons PLC Cum Pri (5.25%)

s Co PLC7%% Uns Ln Stk 88/93 ter Industries PLC4.35% Cum Pri 21 - 00 (1116003) 7.75% Criv Cum Pri 21 - 92 2 % .865 3 3 % 4 owthorpe Hidgs PLC7% Una Ln Stk 90/95 - £60 (21No89)

90/95 - 260 (21No89) Bridge PLC104% Deb Stk 91/96 - 291% (17No89) British Aerospace PLC7.75p (Net) Cum Chr Red Pri 25p ~ 34%4 8 8 % % % .61 % % 9 % % 90 90 ж. а ж э х л эv 90 tish Arways PLCADR (10:1) – \$31.77Ф .868261Ф 2Ф 2Ф .06Ф British Airways Capital Ld9%% City
Capital Bds - 95% % % % 6 6 % % %

5: Shitsh Alcan Aluminium PLC 10%% Deb Six 8994 - 233% (20No88) British-American Tobacco Co Ld 5% Cum Pri Six E1 - 50 (1710-83) 6% 2nd Cum Pri Six £1 - \$2 (22No89) No of bargains included 4120 Ancharter(Henry)-Mots PLC9% Cmv Subord Ln Str. 1998 – \$70 (22No89) Bark of ireland; Governor & Co of) 7% Ln Str. 86(9) – 1932 V Bardlays PLCADR (4:1) – \$32,605 6% 2nd Cum Pri Six £1 – 52 (22No89) British Shoe Cxtp Hadgs PLC5% & Cum Pri £1 – 66 (22No89) 5% Cum 2nd Fri £1 – 56 8 (20No89) 7% Uns Lin Six 8590 – 599% (20No89) British Steel PLCOrd 50p – 125 6 6 % 3735 % 1, 6265 % 7 7 % ADR (10-1) – 520.1% .109137 & % British Sugar PLC 10 % Red Deb Six 2013 – 534% (2C)(039) Barclays Bunk PLC7%% Uns Cap Ln Stk 86/51 – 283": (21No89)

86/51 - 283", (21No89) 8".", Uns Cap Ln St/ 86/93 - 286 % 12% Uns Cap Ln St/ 2010 - 2101% % A Jackson PLC 10.75% Cnv Cum 15% Uns Cap Ln Stk 2002/07 - \$124% Lambard North Central PLC 5% Cum 2nd Prt Ct - 48 52 (20Nod9) Putland Sans PLC 7 1% Subord Uns Ln Pri £1 - 100 (John) PLC5%% Sec Ln Stk 2003 -255 (22No89) Bulgin(A.F.) & Co PLCOrd Sik 5p - 100 Bullers PLC6% Cum P:1 21 - 54 (22No8) Burnel PLC7% Chv Uns Ln Sik 95/57 -S.A. 83/53 - 285¹/₁ 101/14 Suppord Unis Lin Stk. **93/98 - 29**4 Missibishi Trust & Banking CorpCom Stit. 150 - 12351.12 5.09 61.09 (22No89)

150 - Y2951.12 5.09 61.09 (22No89) Missii Trus: 8 Banking Company LdShs of Com StA Y50 - Y2019.91 23.91 33.88 43.95 (22No89) National Vestingster Bank PLC?% Cum Pri £1 - 6970
9% Subord Uns Ln Stk 1983 - 288
15% Subord Uns Ln Stk 2004 £10% Subord Uns Ln Stk 2004 £10% 122/0889
Royal Bank of Scotland Group PLC
Warrans to sub for Ord - 83 (200689)
Schroders PLC8 & Uns Ln Stk 97/2002 - \$6.43 R 25.1 (2014-039)
Caparo Industries PLC6.75p Dividend Crv
Curn Red Pri 20p - 140 (21N-59)
Cartion Communications PLC Ord 5p
(Restricted Transfer) - 802 (22N-689)
ADR (2:1) - £13.32P
Caterpliar IncShs of Com Stk \$1 -

Schrovians PLC8% Unit In Six 97/2002 - 578; (17No89) Stundard Chartered PLC12% Subord Una Lin Six 2002/07 - 298% % % TSB Group PLC 10% Subord Lin Six 2008 - 59; Toyo Trust & Banking Co Ld Shs of Com Six Y50 - Y172.598 (22No89) Warburg (S.3.) Group PLC Ciw Did 25p -2550 - 2009 Pt 51 - 810 \$57.245354 .31784 (20No39) entreway Trust PLC11% Cum Pri £1 -Channel Tunnel Investments PLC5p - 115
Charringtons Industrial Hidgs Ld6% Uns
Ln 5th 88/93 - 275 (17No83)
8% Uns Ln 5th 88/93 - 253½
Charter Consolidated PLC2p(8r) (Cpn 50)
- 475 (20No88)
Cheming Group PLC4.9% Cum Prf £1 - 52 (17No88)
Cheming Bacecourse PLC4.9% C - £15 7%° Cum Prf E1 - 810 Breweries and Distilleries No. of bargains included 475 Aliad-Lyons PLC ADR (1:1) - \$7%
5'.% Cum Prf 51 - 53 (20No89)
7'.% Cum Prf 51 - 69
2'.% Rcd Deb Site 87/97 - 255
6'.% Red Deb Site 88/93 - 281 ne (1/19089) hepstow Racecourse PLCOrd 25p - £15 (21No89)

(21No89)
Church(Charles)Oevelopments PLC9.375%
Cum Red Pf £1 - 92 % (17No89)
Coats Petons PLC54% Urs Ln Sch
2002/07 - 286 (22No89)
Coats Vyella PLC4.9% Cum Prf £1 - 56
(21No89) (20No89) 7'4°5 Red Deb Stk 88/93 - 984% (211/o39) New 94% Deb Stk 2019 − 288% % % 111/o*a Deb Stk 2009 − £163% (c.msuds) then(A.) & Co.PLCNon.V "A" Ord 20p -830 (17No89) (21No89)
51-% Uns Ln Stk - E53% (21No89)
74-% Uns Ln Stk 93/98 - E78/40
Bass PLC4-% Cum Pri £1 - 60 (20No8)
7-% Cum Pri £1 - 68 (22No89)
31-% Dob Stk 87/92 - E81/40
81-% Dob Stk 87/92 - E81/40
81-% Dob Stk 87/92 - E83/4
81-% Uns Ln Stk 92/97 - E80/4
82-5 Investments PLC7-7-% Uns Ln St u (17Noss) son Group PLC7% Pfd Ord 50p - 35 (17N (17/lo69)
Cooper (Frederick) PLC6.5p (Net) Cnv Red
Cum Pig Prf 10p – 85 ½ (22No89)
Coreh PLC5% Cum Prf 21 – 55 (20No89)
Coreh PLC7 % Deb Sit 8934 – 286
5½% Uns Ln 5tk 94/95 – £7:9
75% Uns Ln 5tk 94/95 – £7:9
75% Uns Ln 5tk 94/95 – £7:9
75% Uns Ln 5tk 94/95 – £75
75% Uns Ln 5tk 94/95 – £75

7 V o Uns Ln Sik 92/97 - 280% Loss Investments PLC7% Uns Ln Sik 92/97 - 273 (21No89) oddington Group PLC9% Cnv Uns Ln Six 2000/05 - 21630 ulmont/P.jHidgs PLC8% 2nd Cum Pri 7%% Uns Ln Str 2000/05 - 275% Courtsuids Coatings Ld8%% Uns Ln Str 90%5 - £84 (17No89) Cowanude Groot PLC105% Cum Prf £1 -100© E1 - 90 :: 10 - 90 :: 10 Craig & Rose PLC5% Cum Pri Stk £1 -55 (20No89) 55 (20No89) Crystalate Hidgs PLC8%% Cnv Uns Ln 8tk 2003 – 255 6 Cutten's Hidgs PLCWarrants to sub for Hardys & Hansons PLC Ord 25p - 945

Ord - 6 DRG PLC74% Uns Ln Sik 86/91 - 285 8 DRG PLC7 %% turs an on word.
9% (21No89)
Datgety PLC4.85% Curn Prf £1 - 70 (20No89)
Davies & Metcalie PLC 'A'(Non.V)Ord 10p - 216 (22No89)
Debenhams PLC7 %% 2nd Deb Sik 91/98 - £83 (17No89)
7 %% Uns Lin Sik 2002/07 - £70 (21 NoS9)
itermational Distillers & Vintners Ld 4%*
Deb Sk 2002/07 - 249 (17 NoS9)
funsfield Brawery PLCOrd 21 - 463
cottish & Newcastle Braweries PLC-4.8%
Cum Prf 21 - 70 (20 NoS9)
6 425% Cum Prf 21 - 93 (20 NoS9)
7.1% Ist Mitg Deb Sit 85/90 - 298%
(20 NoS9) ta PLC3.15% Cum 2nd Pri E1 - 42 (20No89) 4:1% A Cum Pri £1 - 43 6 % (20No89)

Denoora PLC629% Cum Cnv Red Pri E1 -117 8 9 20 Notice (Lennes) PLC Ord 25p - 1800 Diploma PLC 10%% Lins Ln 5tk 90/95 -290 (214089) Dowly Group PLC 7% Criv Cum Red Pri 51 - 111 Elicot(B.) PLC 7% Criv Cum Red Pri £1 -89 Ellis & Everand PLC5% Cum Pri £1 - 45 (ZZNo89)
Empire Stores Group PLC8%% Deb Stk.
9186 - 082 (21No89)
Enzo-Gutzet OyUnrastricted A She FM10
- FM30, 11.6008
Euro Disneyland S.C.A. She FR10
(Depositary Receipts) - 880 80 2 2 3 3 8 90 4 5
She Ep10 (She - Epper

6 90 4 5 Shs FR10 (Br) - FR85% 6 ½ ½ % Suropean Home Products PLC85% Cum Red Prl 2001/05 21 - 887, 5½% Cm Cum Red Prl 2008/11 21 - 65 isrotunnel PLC/Eurotumel SA Units (1 EPLC Ord 40p & 1 ESA FR10) (8r) -FR46.149

FR46.14©
Units (Sicovam Inscribed) - FR47.13
Evoda Group PLC7p (Net) Cnv Cum Red
Pri 10p - 87
8% Cnv Uns Ln 5tk 03/06 - £110
(20No89)
Ex-Lands PLC Warrants to sub for Strs 50 (17No83)
Fil Group PLC 7 7% Cnv Cum Red Pri
95/99 £1 - 100
Fernor (Li II) (Holdford) PLC 3 85% Com Ferner (J H.) (Holdings) PLC3.85% Cum Pri 81 ~ 57 90

Fernier (J. H.) (Holdings) PLC3.85% Curr Pri 61 - 57 40 Fine Spinners & Doublers Ld4% 1st Mitg Deb Sik Red - E18 (22No89) Fisher/Abert/Group PLCADR (10:1) - \$17 (17No89) Fisher Ld7 Lins Lin Sik 2004/09 - 259 (21No89) Fisher Corp Com 50.825 - \$30.474 (21No89) Fobel Internetional PLC8% Lins Lin Sik 88/93 - 279 (201689) Folless Group PLC Out 9r 16 1 - 1050 Formanter PLC11% Curr Pri 61 - 1050 Foseco PLC 44% Curr Pri 61 - 500 8 8% Criv Red Curr 2nd Pri - 145 (201689)

81% Cnv Red Cam 2nd Pri - 145
(20NoS9)
Friendly Hotols PLC41% Cnv Cum Red
Pri 11 - 97
5% Cnv Cum Red Pri 21 - 158
7% Cnv Cum Red Pri 21 - 98 8
GEI International PLC 10% Und Ln Stk
8792 - 589 (20NoS9)
GKN (United Kingdom) PLC91% Grid Deb
Sit 9198 - 5911; (22NoS9)
101% Ged Deb 58; 9095 - 2940
GR (Hotols Pri 101% 2nd Cum Pri 21 95 (21NoS9)
General Electric Co PLCADR (1:1) - \$3.24
(21NoS9) (21No89)
7 1/2 Uns Ln Sik 87/92 - £85 (21No89)
7 1/2 Uns Ln Sik 88/93 - £84 6½
General Instrument Corp Six of Com Six
\$1 - £25½ (20No89)
Gestatrer Hidgs PLCOrd Cap 25p - 240

Gesteriver Hidgs Pt.COrd Cap 25p - 240 (22No89)
10% Criv Uns Ln Sik 9095 - £128©
Glaso Group Ld8½% Une Ln Sik 8595
50p - 38;
7½% Une Ln Sik 8595 50p - 42©
Glyrwed International Pt.C10½% Uns Ln Sik 9499 - 280
Goodhead Group Pt.C7% Criv Cum Red Ptf £1 - 105 (21No89)
Goodwin Pt.COrd 10p - 43 (17No89)
Grand Metropolisan Pt.C5% Cum Ptf £1 - 50 (21No89)
Great Universal Stores Pt.C5% Red Uns Ln Sik - £195©
8½% Une Ln Sik 9398 - £80
Halms Pt.C11% Cum Ptf £1 - 113
(20No89)

Haima PLC 11% Cum Prf £1 - 113
(20No89)
Haisteo(James) Group PLC55/% Cum Prf
£1 - 55 (2213o89)
Hancer Druce PLC6.75% Cnv Cum Red
Prf £1 - 69% 7/ 71% (20No89)
Hashro Inc Sris of Com Sik 50.50 - £13.4
(22No89)
Hawker Sidiately Group PLC5/% Cum
Prf £1 - 55 (20No89)
Hay & Robertson PLC5% Cum Prf £1 80 (21No89)
Hazlewood Foods PLC7.5% Cum Prf £1 111 (17No89)
Hostair Consumer Products Li6% Uns Ln
Sik 85/95 - £74 (17No89)
Hikkson International PLC68/% Uns Ln
Sik 89/94 - £70 (21No89)
Hikkson International PLC68/% Uns Ln
Sik 89/94 - £70 (21No89)
Hikkson International PLC68/% Uns Ln
Sik 89/94 - £70 (21No89)
Hikkson International PLC68/% Uns Ln
Sik 89/94 - £70 (21No89)
Hondo Motor Co Ld Siks of Com Sik 750 Y1770.66 4,66 84 (26667 .83 .9511 90
(22No89)
House of France PLC68/% Uns Ln Sik (22No89)
House of Fraser PLC8N % Ung Ln Six SUR9 - 277 (21No89)
IMI PLC7 N % Ung Ln Six 88/93 - 885 (20No87)
IMI PLC7 N % Ung Ln Six 88/93 - 885 (20No87)
Ichand Frozon Foods Hidgs PLCCrw Cum Red Pri 20p - 88 90
Illingworth Morris PLC6N % Cum Pri Six 61 - 61 (22No89)
Illingworth Morris (Saltaire) Ld 7%
Non-Cum Pri Sip - 30 (20No89)

Imperial Cold Storage&Supply Co LdOrd R0.25 - 180 Jackson(William) & Son PLC7%% Cum Pri £1 - 76 Six 93/98 - 190 (22No89) lotinson Group Cleaners PLC 7.5p (Net) Cnv Cum Red Pri 10p - 107 om cum reb Pf 10p - 10/ pinson, Matthey PLG8% Criv Cum Prf 21 - 610 (21No85) pines & Shioman PLG4.9% Cum Prf 25p - 17 (2010:05)
Kerning Motor Group PLC5%% Cum Pri
51 - 53 (2210:05)
Kappel Corporation LdOrd \$51 - \$55.8

Kingfisher PLCADR (2:1) = \$8% Kymmene Corporation Shs FM20 (Unrestricted) = FM87% % Ladbroke Group PLCADR (1:1) = \$4.73 (21No89) amont Hidgs PLC6% Cum Pri 50p - 28 (20No83) 10% 3rd Cum Pri S1 - 100 (22No88) aporte PLC 10%% Ceb Sek 94/89 - 233% (17Nc39) (17Nc39) (them(James) PLC 8% Cum Prf £1 - 83 Lorsure Justice PLC 8% Cum Prf 21 - 83
Lorsure Investments PLC 7% Cum Cnv
Rod Prf (93/98) 21 - 45
Lewis John Pramership PLC 5% Cum Prf
Sts. 21 - 46 9% (21No89)
71% Cum Prf Sts. 21 - 64 (20No89)
Lex Service PLC 8% Uns Ln Sts. 92/97 -£831; Life Sciences International PLC8% Cum Cnv Red Pri £1 - 1809

Lilly (ER) & Co She of Com Sik NPV -\$65.699783 (20No69)
London International Group PLC ADR (5:1)
- 517% (20No89)
London PLC 77-% 1st Mitg Deb Stk 86/91 - 122 (21No/9) 10%% 1st Mtg Deb Stk 97/2002 - 595% (27)x393)
9% 2nd Mg Deb Sik 87/92 - 2859
100kers PL65% Cnv Curn Red Pri E1 - 82 (22Nc85)
Low(Win) & Co PLC6.75% Curn Cnv Red Pri E1 - 149 77 | 149 21 - 149 Robert H.) & Co PLC 87.5% (Net)

Lowe(Robert H.) & Co PLC 87.5% (Net)
Cnv Cum Red Prt 10p - S8 (17NoS5)
Lucas Industries PLC 102% Uns Ln St6
92:97 - 255% (201069)
MB Group PLC 7.256 Cnv Cum Red Prt
15p - 92 % % 5.15 3 4
McAlpinerAltrad) PLC 9% Cum Prt \$1 - 92
(20NoS9)
dCCarthy & Secret 102 CONGS9 MECHANICA PLCS% Cum Pri £1 – 92
(CONGS9)
McCarthy & Stone PLC8.75% Cum Red
Pri 2013 £1 – 83 (21NoS9)
7% Crw Ure Ln Sk 69/04 – 550
Manganese Bronze Hidgs PLC8%% Cum
Pri £1 – 67 (21NoS9)
Macca Lelsure Group PLC 7.25p (Net) Crw
Cum Red Pri 207 – 65 7 % 8 .389 % 9
Mencies/Lotin) PLC5% Cum Pri £1 – 97
Metol Corporation Com Sha of NPV – £1.58
(21NoS6)

ubishi Electric CorporationShs of Com Monsanto PLC5% Gtd Ln Sik 92/97 - 283 (17NoS8)
Morgan Crustole Co PLC8V% Ceb Stk
95/2000 - E65 8 (1771o89)
Mount Charicte Investments PLC 10%%
1st Mtg Deb Stk 2014 - E32%
NCR LG8V% Gbd Ln Stk 95/98 - £787/
NSIA PLC8.5p (Net) Crw Cum Red Prf 10p
- 1270

- 1270
National Medical Enterprises IncShs of Com St. \$0.05 - \$33,9929 (17No89)
Normans Group PLC5% Cum Prf £1 - 81 Communication PLC5% Communication (20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89)
(20No.89) - 165 C0No89)
Northern Engineering Industries PLC9%
Una Lin Sit 90/95 - 285°, ©
Oceanics Group PLC Warrants to sub for Ord - 136 PLC Warrants to sub for PFG Hodgson Kenyon Intl PLC6,75% Cm/Pri 91/201 10p - 72 5 (20No89)
Paramount Communications Inc Com Sit \$1 - 365 3/6

Paramount Communications Inc Com Stk \$1 - \$55.3@ Parkfield Group PLC Cum Red Pri 2010/13 £1 - \$8 (22M083) Parkland Tootke(Hodgs) PLC Ord 25p - 260 % (22No83) i Taxalie(Hidgs) PLCOrd 25p - 260 Parkland Toolse(Hkligs) PLCOrd 25p - 260 (2No89) 4.2% Cum Pri £1 - 55 Pavilion Letsure Hidgs PLCOrd 10p - 88 Pearson PLC8 525% Uns Ln Silk 89/93 - 587 (20No89) Pentos PLC41% Cum Pri £1 - 43 (20No89) 131% Criv Uns Ln Silk 1990(Series*A*) - 5120 (27Sho89)

- C12U (20No89)

Pergamon AGB PLC7.5p Criv Subord Ln
Six 2002 2½p - 47 (22No89)
Pliar Electrical PLC77½ Uns Ln Six
8691 - 332
Portals Man 200 8691 - 532
Portals Hidgs PLC 95/% Cmv Uns Ln Stk 94/2020 - \$175 (2014089)
Pressec Holdings PLC 10.5% Cum Prf \$1 - 100 (2114069)
Queens Moet Houses PLC 10%% 1st Mitg Deb Six 2020 - £28%
R.E.A. Hidgs PLC 9% Cum Prf \$1 - 75
RPH Ld 45/% Uns Ln Stk 2004/09 - £30 (224089)

9% Uns Ln Silk 9 (22No85)
Racal-Chubb Ld8%% Uns Ln Six 87/82 – 287% (20No89)
Racal Electronics PLCADR (21) – \$7% .55 .56
Racal Telecom PLCADR(10:1) – \$80%
%
Complete M. CADR (14:1) . \$10% Rank Organisation PLCADR (1:1) - \$13½ % (17No89)

Hark Organisation PLC-DNF (11) - \$139;
% (17No89)

Ranks Hovis McDougsal PLC-6% Curn 1st
Pri £1 - 62 (22No89)
6% Curn "A" Pri £1 - 69 (21No89)
6% Curn "A" Pri £1 - 69 (21No89)
6% Uns Ln Six 90/94 - 227/9
85% Uns Ln Six 91/95 - 288
Ransones PLC-55% Curn Pri £1 - 53
8 25p (Net) Curn Criv Pri 12-5p - 95
Ratiners Group PLC-8.75p Criv Curn
Non-Vig Rid Pri 20p - 101 £1
Rockitt & Colman PLC-5% Curn Pri £1 48 (17No89)
Renote PLC-7%% 2nd Deb Six 92/97 £75
Resort Hotels PLC-New Ord 10p - 17% 2/3 Resort Hotels PLCNew Ord 10p = 17% (22No89)

rare Group PLC7.25% Cnv Cum Rockwere Group PLC7 25% Cnv Qum
Red 2nd Pri 21 - 83
Rocner PLC11%% Cum Pri 21 - 100
(21\\0889)
Rugby Croup PLC6% Uns Ln Sik 93/96 £71 (21\\08069)
SD-Scicon PLC65/% Cnv Qum Red Pri 21
- 117 (21\\08069)
Warrams to sub for Ord - 8 (22\\08069)
Soalch & Saatch Co PLCADR (21) \$14\% \cdot \

warrans to such for fund - 5 (22006)
Salich & Saatchi Co PLCADR (\$-1) \$14% * 1/2
6% Cm Uns Ln Stk 2015 - £73\P 7\P
Sainsbury(J) PLC6% * 1st Mitg Deb Sik
88/83 - £81% (200689)
8% irrd Uns Ln Sik - £75 (220089)
Scantronic Hidgs PLC5,75% Cm Cum
Red Pri £1 - 205 (220089)
Scapa Group PLC6% Uns Ln Sik 88/83 £80 (220089)
Scott & Robertson PLC8.25% Cum Red
Pri £1 - 95
Seors PLC7% * Cum Pri £1 - 70
(220089)
12% Cum Pri £1 - £1 (200089)
Stoprite Group Ld God 5p - 255
Sclaw Group PLC7% Uns Ln Sik
2003/08 - £60
Simon Engent oring PLC6% Cum Pri £1 \$3
94% Deb Sik 92/97 - £66 & (170088)

9½% Deb Stk 92/97 - 966 8 (17No69) 500 Group PLC 4.55% Curn 2nd Pri \$1 -Singsby(H.C.)PLCOrd 25p - 477 (20No89) Smith (W.H.) Group PLCTB* Ord 10p - 64

Spertuic A (spocial Agency) the 3op - £13 : 1.

Stag Furnhure Hidgs PLC11% Cum Prf £1 - 105 (22No83)

Storehill Hidgs PLC10% Cum Prf £1 - 90 (20No85)

Stora Kooparbergs Bengslags ABB Free Shrs Sk25 - \$k273.47 8.66

Storabouse PLC5% Cro. Uras Lin 5th 1992 - £93 4

Sutcaffe, Speakman PLC9%% Red Cum Prf £1 - 94 (17No35)

Swinsulonia & Sons Lid6.3% Cum Prf £1 - 63 (21No39)

Symcox's Engineering PLCOrd 5p - 35 6

1 8 N PLG10.1% Mrg Deb Sth 90/95 - £92%

Tammer PLC8%% Urs Lin 5th 90/95 - £80

Tarmec PLC8*v% Uns La Sak 90/95 - 680 (22No99) Tate & Lyle PLC7%% Deb Stk 89/94 -£85% (17No89) E85'4 (17No89)
71'> Urs Ln Sit 85'90 - 290 (22No89)
7avior Woodrow PLC9''% 1st Mtg Dab
Sit 2014 - 283'40
Sit 2014 - 283'40
140 (22No89)

Telfon Hidgs PLC Warrants to sub for und
– 140 (12No89)
9% Cum Pri \$1 - 93
Tosco PLC Ark Uns Deep Disc Lin Sik 2006
– \$44 % ©
THORN EMI PLC Warrants to sub for Ord
– 220 (21No89)
Tilling/Tromasi PLC \$25% Cum Pri \$1 - 70 (17No89)
8%% Uns Lin Sik 89694 - 685 6
Torride Group PLC 11%% Uns Lin Sik 9106 - 588% (20No89)
Tiphock PLC Unix of 420p of CIULS
1990/Priy Pd(Rog) - 101©
Tootal Group PLC \$1% Cum Pri \$1 - 53 4 % Perp Dob Sik 8590 - 591 (20No89)
6%% Coo Sik 8590 - 591 (20No89)
7%% Uns Lin Sik 8969 - 592, (21No89)
7%% Uns Lin Sik 8969 - 592, (21No89) 74% Uns Ln Stk 89/94 - £81%

Towles PLCOrd 10p - 187 (21No89)
"A" Non.V.Ord 10p - 95 (21No89)
Tracigar House PLC8% Uns Ln Sik 94/99
- 253 (22No89)
9/% Uns Ln Sik 2000/05 - 280 (17No89) 10%%, Uns Lin Silk 2001/06 - £85 7 90 Triplex Lloyd PLC5%% Cum Prf E1 - 514

Ord - 85 (20No89) 6.25% 1st Mig Deb Stk 85/90 - 190 2% (20No99) 10.5% Mtg Deb Stk 91/96 - 297% 9.1% Ums Lin Stk 95/2000 - 283 9% (2240839)
Unigate PLC61/5% Uns Ln Sik 91/96 = £72
(21N089)
Unitever PLCADR (4:1) = \$73% FL150%
8% Uns Ln Sik 91/2006 = £70 4% 5 %
Union International Co PLC6% Cum Pri
Sik £1 = 60
7% Cum Pri Sik £1 = 63 (20N069)
Uniters Corp.Com Sik \$5 = \$14% (21N069) 7% Cum Pri Sit £1 ~ 63 (20Nc89)
Unisys Corp Com Sit \$5 ~ \$14% (21No89)
United Brscutis (Hidgs) PLC6% Deb Sit
93/81 ~ 583
United Scientrific Hidgs PLC6.5% Crw Cum
Non-Vig Red Pri £1 ~ 56 (20No89)
Upton & Southern Holdings PLCOrd 25p ~
43 (20No89)
Vardy (Reg) PLC Ord 10p ~ 78 80
(22No89)

(22No89)

Vickers PLC5% CumITEX Free To 30p)Pri
Stk 21 - 97 (22No89)

Volex Group PLC7% Cum Pri 21 - 70
(20No89)

WCRS Group PLCADR (2:1) - \$8% WCRS Group PLCAUM (2:1) - 3em (220x059)
55% Criv Curn Red Prf 1989 10p - 107
Waddingtor/John) PLC5.6% Curn Prf 2:1 - 75 (174088)
Wede Potterles PLC10% Curn Prf 2:1 - 100 10 (200x089)
Wagon Industrial Hidgs PLC7.25p (Net)
Criv Ptg Prf 10p - 95 (220x089)
Walter A Staff Hidgs PLCOrd 5p - 155
Walter(Thomas) PLC Ord 5p - 66 (210x09)
Warmer-Lambert Co Cern Stk \$1 - \$114.856©
Walthoughs(Hidgs) PLC83%% Curn Red Prf

**STI4.856C **
**STI4.856C **
**Watmoughs(Hidgs) PLC81% Curn Red Prf 2006 E1 - 83% (21 No89)
**Wat Group PLC81% Deb Six 85/90 - 233 % (17 No59)
**Wentbley PLC7.5% Crv Uns Ln Six 1999 - 80 (20 No89)
**Westland Group PLCWarrants to sub for Ord - 53 3 4 5 (21 No89)
**Ti% Crv Curn Prf 21 - 189
**Ti% Crv Curn Prf 21 - 189
**STI4.9 Deb Six 87/82 - 258 (20 No89)
**Withers PLC8.78% Crv Curn Red 2nd Prf 2000 E1 - 85 (20 No89)
**Withers Hidgs PLC 10 % Curn Prf 21 - 1129
**Withous Hidgs PLC 10 % Curn Prf 21 - 1129
***Stige Connolly Hidgs PLC 10 % Curn

1129
Wisson(Connolly)Hidgs PLC10% Cum
2nd Prt £1 - 100 (200069)
Wolseley PLC10% Deb Stk 90°95 - 190%
Wood(Aritur | SSon(Longbort) PLC7% Cum
Prt £1 - 50 (200089)
Voolcombers(Hidgs) PLC6% Cum 2nd Prt
Stk £1 - 56 (200889)
Vortshire Charmosis PLC10% Deb Stk S& E1 - 56 (20No89)
Yorkshire Chemicals PLC10% Deb Stk
91:96 - 221 (17No89)
Youghal Carpets/Hdgs; Ld7%% Cum Prf
le21 - [20.16 (17No89)
8% Cum Prf lr21 - 19 (22No89)

Financial Trusts, Land, etc Atken Hume International PLC 7% (Net)
Cnv Cum Red Prf St - 107 (20No89)
Armour Trust PLC 10%% Uns Lin Sik 91/96
- \$85 (20No89)
Austraßen Agricultural Co Ld\$A 0.50 485 (21No89)

la Arrow Hidga PLCWts To scribe for Ord - 30 (21No89) Supecrite for Ord - 30 (21Ne89) British & Commonwealth Hidge PLC 10%% Lins Lin Sit 2012 - 158 80 CMI Menaged Portfolio Inv Coshis of NPV (Growth Portfolio Sta) - 97 Shis of NPV (Enterprise Portfolio Shis) - 98.7 ade Development Capital PLCOrd E1 - 116 Daily Meil & General Trust PLCOrd 50p -EFT Group PLCWarrants to sub for Ord -10% (17No89)

10% (17No89)
Exploration Co PLCOrd Six Sp = 190
(17No89)
F & C Enterprise Trust PLCSer B
Warrants to sub for Ord = 5 20No89)
Warrants to sub for Ord = 12
First National Finance Corp PLC10%
Subord Uns Ln Six 1962 = 290 2
(21No89) (21No89) Foreign & Col Reserve Asset Fund Ld PrgRedPrf \$0.05 CI D(Multicurrency— \$18.428829 (17No89) 3.T. Benry Jepan Fund Ld\$0.10 - \$39.88 (21No89)

Genesis Chile Fund Ld Ptg Shs \$0.01 -£6% (21No89) Govern Fund Ld She St. (17NoS9)
Greece Fund Ld She St. (17NoS9)
Greece Fund Ld She St. (10Re to Br) - \$14259

514259 uinness Flight Globel Strategy Fd Pig Rod Pri \$0,01(Managod Currency Fund) - £21.183946 (20No69) - zz1.163948 (20No89)
Hathas Holdings ArSWts to sub for "A"8"6" - 514 14%
Hambro Eurobond&Money Market Fd Ld
Ptg Red Pr1 to(Managed Fund) 25.501 (21No89)
Holborn Currency Fund Ld Ptg Red Pr1
\$0.01 Deposit(Sterling She) - \$1.382‡
(22No89)

\$0.01 Depositistering Sing) - £1.382‡ (22No89) IBI Global Funds Ld Ptg Red Ptf \$0.01(Saring Stns) - £19.03 (20No89) Ptg Red Ptf \$0.01(US\$ Sins) - \$32.48 (17No69) Ptg Red Ptf \$0.01(Managed Sins) -£19.98 (20No89) Inchcape PLC 12% & Uns Ln Six 93/98 -£102440 21024-©
International City Hidge PLC8V% Criv
Cum Red Pri 1 - 78 (20No89)
International Inv. Tst Co of Jersey
Warrants to sub for Ord - 225 (22No8)
Invoy & Sime Atias Fund Shas of NPV/Jeps
Portiolio) - 111.9 (20No89)
Korea-Europa Fund LidSha \$0.10 234.54894 \$ 55%
She(IDR to Br) \$0.10 (Cpn 3) - 254©
LIT Hotchings PLC9.47% Cum Red Pri 21
- 83 (21No89)
MM Britannia Jersey Cit Eurol 1 4 Cpn

- 93 (21No89) MMM Britannia Jersey Gilt Fund Ld Pig Red Prf 1p - 16.78‡ (22No89) Menia Fund (Ceyman) Ld Pig Red Prf \$0.01 - \$11 k@ No.01 - \$11 k@

S0.01 - £114%

Mercury Selected TrustShs NPV Global
Fund[Reg) - \$415 (21No89)

Shs NPV European Opportunities
Fund(Reg) - \$14.79\$

Mezzimane CapitalShra Tist 2001 PLC kra
Shs £1 - 143%

NMC Group PLC Warrants to sub for Shs
- 91

Astional Home Loans Hidge PLC Ord 15p
- 106 12 7.5% Cnv Prl £1 - 78

7.5% Cnv Prf 21 - 78
Old Court Curroncy Fund Ld Ptg Red Prf \$0.01(Sterling) - £10.101\(\Phi\)
Old Court International Reserves Ld Ptg Red Prf \$0.01(Sterling Stre) - £25.511 (17ko83)
Oporto Growth Fund Ld Ptg Red Prf \$0.01 (Regg - \$11 11% (21ko89)
Royal Trust Government Secs Fund Ld Ptg Red Prf 1p - 60.03
Second Market Investment Co PLC 2%% Cnv Une Ln Skx 1994 - £88 90 2 (22ko39)
Sam Smaller Companies Fund Ld Ord \$0.01 - \$11 (22ko89)
Sime Darby Berhad \$M 0.50 - 103

Sam Smaller Companies Fund Ld Ord \$0.01 - \$11 (224689)
Sime Darby Berhad \$M 0.50 - 109
Smith New Court PLC 12% Subord Una Ln \$M 2001 - 279% S0
Smath New Court PLC 12% Subord Una Ln \$M 2001 - 279% S0
Smath Investments PLC Warrants to sub for Crd - 48 (201069)
TSB Gat Fund Ld Ptg Red Pr1 pp(Class '6" Ptg Red Pr1 - 95.35 (221069)
Thai Investment Fund Ld Ptg Red Pr1 \$0.01 - 511% 11% (2210689)
Thai Prime Fund Ld Ptg Red Pr1 \$0.01 - 517.15558 17.20485
Thailand International Fund Ld Ptg Shs \$0.01 (IDR's 10 87) - 217% Thompson Citive Investments PLC Ord 50p tments PLCOrd 50p 30.01 (IDM's to Br) - 217A Thompson Citys Investments PLCOrd 50p - 121 1 3 (17No89) Thomson Japan Pund LdCophel Shs \$0.10 - \$27.1 (17No89) 31 PLC7*% "A" Deb Stk 89/92 - 288%

(20No89)
71-15-74 Deb Sit 91/94 - 2821/49
95-74 Deb Sit 91/94 - 2871/ (22No89)
121/9- Uns Ln Sit 1982 - 298 (22No89)
Value & troome Trust PLGWarrants 89/94
10 sub for Ord - 16 (17No89) Insurance No. of bargains included 686

NO. of bargoes included osts
Alexander & Alexander Services Inc Sha of
Class C Com Stit \$1 - \$20% (\$2No89)
Excissiostical Insurance Group PLC 13%
Deb Sti 2018 - 2112 (17No89)
Ganeral Acc Firefullite Asso Corp PLC
71% Une Ln Stit 5782 - 286
73% Une Ln Stit 59297 - 285 (20No89)
Guardian RoyalEuchanga AssurancePLC
7% Cum Red Pri E 1 - 80
7% Une Ln Stit 8591 - 285% (21No89)
Scottish Life Assurance Co 71% Une Ln
Stit 97/2002 - 273 (21No89) Stk 97/2002 - 273 (21No89) Investment Trusts

No. of bergains inch Abtrust New Dewn Inv Trust PLCOrd 25p Aburusi New Dawn Inv Trust PLCOrd 25p - 132 6
Warrants to sub for Ord - 102 5
(22No89)
Sers 6 Warrants to sub for Ord - 77
Baillie Gillord Shin Nepton PLCWarrants to sub for Ord - 94 (22No89)
British Empay See 8 General Trust 104%
Dab Sk: 2011 - 237
British Investment Trust PLC 11.125%
Secured Dab Sk: 2012 - 297%
C.S.C.Investment Trust PLC Ord 25p - 250 (21No89)
Capital Gearing Trust PLC Ord 25p - 450
Chitron's Medical Chartry Inv Tst PLC Ord 21 - 68 (21No89)

City of Oxford Investment Trust PLCOrd Inc Sp - 49 50 inc ap - 49 50
Dense Investment Trust PLCWts to
Subscribe for 1 Inc & 1 Cap - 48
(20Nose)
Trayton Asia Trust PLCOrd 10p - 102 4
Trust Warrants to sub for Ord - 500

EFM Dregon Trust PLCWarrants to aub for Ord - 9 % EPM Dragon Trust PLCWarrants to auth for Ord - 9 % Edinburgh Investment Trust PLC 11% Data Six 2014 - 296% (22No99) English & Scottleil Investors PLG 18 250 - 133 (20No99) F. C. Eurothust PLC51% Grv Uns Ln Six 1996 - 2285 (22No99) F. C. C. Pacific Investment Trust PLC Warrants to sub for Ord - 140 4 Fifs Throgmorison Co PLC7-25% Grv Uns Ln Six 2003 - 294 (22No89) First Spenish Inv Trust PLC Warrants to sub for Ord - 49 Plenning Mercanille Inv Trust PLC2.8% Cum Pri Six 21 - 44% 3.5% Cum Pri Six 21 - 44% 3.5% Cum Pri Six 21 - 56 (17No89) Gartmore American Securities PLC Zero Dividend Pri 259 - 49% Garbore Value Investments PLC Zero Dividend Pri 109 - 51% 2 German Smeller Co's Inv Trust PLC Warrants to sub for Ord - 1590 630 Gasgow Income Trust PLC Warrants to sub for Ord - 1590 630 Gobe Investment Trust PLC Warrants to sub for Ord - 1500 630 Gobe Investment Trust PLC Warrants to sub for Ord - 5 Gobe Investment Trust PLC 10% Deb Six 2016 - 259% City In Six 50051 - 2400

Globe Investment Trust PLC 10% Leaven 2016 - 259% 11% Griv Uns Lin Str 9095 - 2400 (17NoS9) Govert Strategic Inv Trust PLC98% Deb 1 & S Optimum Income Trust PLC Ord 10 p[Pul. 8ri 289] — 96 B% 7 Zero Dividend Pri \$1(Fp/AL-8112/89) — 103.52 (22NoS9) — 103.52 (22NoS9) — Nestors Copital Trust PLC 4% Dab Six Red — 237 (21NoS9)

ried - 237 (21NoS9)
Leveraged Opportunity Trust PLC2er Cpn
Criv Uns Ln Skt 98/99 - 290
Monics Investment Trust PLC11% Deb Six
2012 - 295 (20NoS9)
Mustirust PLC Warrants to sub for Ord 10 (21NoS9)
New Guerrasey Securities NOS9) Ernsey Securities Trust LdOrd 25p orthern American Trust PLC31/1% Cum Pri Sik = 254 PTI SRK - 234 Verseas Invastment Trust PLC77/% Crev Uns Ln Stk 95/96 - 2450 (174669) Pacific Horizon Invest Trust PLC Ord 10p

Une Ln Sitk 90-be — Pacific Hortzon Invest Trust PLCOro rep47% 8

Warrants to sub for Ord — 20 1

Panific Group PLC Warrants to sub for Ord — 1 (174:089)

Rights and Issues inv Trust PLC7%%

Cum Prf £1 — 70 (174:089)

Scotish American Investment Co PLC4%

Ind Deb Sitk — 236 (271:069)

Scotish Cales and Trust PLCOrd Six 25p
— 680 (271:069)

Scottish Eastern Inv Trust PLC9% Deb Six 2020 — 285 (271:069)

Scottish Izvostment Trust PLC4% Perp

Six 2020 — 285 (271:069)

Scottish Izvostment Trust PLC4% Perp

Deb Six - 537 (21NoS9)
Scotlish Mortrage 8 Trust PLC8-12%
Stepped Int Deb Six 2026 - 299
Scotlish National Trust PLC6% Cum Pri
21 - 68 (7 NoS8)
10% Deb Six 2011 - 290% (21NoS9)
securities Trust of Scotland PLC7% Deb
Six 8993 - 283% (17NoS9)
Phires Investment PLC Warrants to sub for
Ond - 40 (22NoS9) Ord - 40 (224)68)
Thrographon Trust PLC 12 5/16% Deb Set 2010 - 2104 (224)689)
Triplevest PLC7%% Deb Set 87/91 - 590 (201068)
Witan Investment Co PLC6%% Deb Set 90/85 - 522 (201068)
8% Deb Set 96/98 - 522 (201068)
8% Deb Set 96/98 - 522 (201068) Ord - 40 (22No

Unit Trusts No of bergains included 19 M.S. G. American Smaller Co's Funding Units - 67.2 (22No89) end Fundinc Units Accum Units - 49.7 (20No89) M.& G.Gold & General FundAccum Units - 65% - 65% - 65% - 65% - 65% - 65% - 65% - 65% - 65% - 65% - 75.3

- 75.3 Accum Units - 84.1 (20No89) M.& G. Japan Smaller Companies Fund Accum Units - 1589 Mines - Miscellaneous No. of bargains included 161 Ameligemeted Financial Inva PLCWarrants to sub for She – 20 Assarco InoCom Sit, NPV – \$32.5750 *40 Assarco InoCom Sit, NPV – \$32.57100 *40 Assarco InoCom Pt InoCom Sit, NPV – \$40 Assarco In

(17No99)
Did R0.05 (Br) (Cpn 84) - SP23.8
8%-Curn 2nd Pri R1 - 7 (21No98)
El Ora Milama Exploration Co Pt.CO B Oro Mining Expicionation Co PLCOrd 10p - 375 (17Ne89) Europa Minerals Group PLCOrd 2p - 6749 Warrants to sub for Ord - 16 (22Ne89) Paringa Mining & Expicarition Co PLCSp - 43 5 (22Ne89) BTZ Corporation PLC3.5% "B" Curt Prf 11(Reg) - 53 (20Ne39) Waverley Mining Finance PLC Warrants to sub for Ord - 30 1 2 (22Ne89) Willoughby's Consolidated PLCPId 1p - 50 (17Ne89) Zambia Consolidated Copper Mines Ld"B" Ord K10 - 165 (20Ne89)

Mines - South African Samato Exploration LdOrd R0.01 - 65 Labova Platinum Mines LdOrd R0.01 -\$2.7 (21 No89) Lindum Reefs Gold Mining Co LdOrd R0.01 - 45 New Central Witwesters and Areas Ld R0.50 - £7 %

Off No. of bargains included 1651 Atlantis Resources Ld Com Shs of NPV -\$C0.992381 \$CO.9923916
British Petroleum Co PLC9% Cum 2nd Pri
£1 = 87 (21 No89)
Burmah Os PLC7% % Cum Red Pri Sitk £1
= 89 (22 No89)
8% Cum Pri Sitk £1 = 79 (21 No89)
LASMO PLC 10 % Deb Sitk 2009 = 259 ½
Shell Transport& TradingCo PLC Ord Sits
(Br) 25(Cpn 183) = 427 (22 No89)
5% 1st Pri(Cum)£1 = 53 (20 No89)

Property No. of bargains included 402

Artington Securities PLC9/% Cum Red Pri 2008 £1 - 105% (21No89)
Bampton Property Group Ld7%% Una Ln Skig1959 - L78 (22No89)
British Land Co PLC10%% Did 1st Mitg Deb Six 2019724 - 239% (22No89)
British Estate PLC9.50% 1st Mitg Deb Six 2028 - E81
Capital & Counties PLC4.2% Cum Pri 21 - 59 (17No89) 6%% 1st Mtg Deb Stk 83/98 - 272 (20No89) New 9%% 1st Mitg Deb Stk 2027 -New 95% 1st Mtg Deb Stk 2027 - 286% (22No89)
95% Uns Ln Sik 91/96 - 289© Charlwood Alternor Hidge Ld 75/% Uns Ln Sik 50 - 32½, (21No89)
City Sike Estates PLC7.75% Cnv Cum Red Pt £1 - 72©
Dares Estates PLC7.75% Cnv Cum Red Pt £1 - 86 9
English Property Corp PLC9%% 1st Mtg Deb Sik 97/20/20 - 285% (17No89)
Great Portland Estates PLC9.5% 1st Mtg Deb Sik 2016 - 284%
Greycoat PLC12.85% Uns Ln Sik 90/92 - 256% 7% (22No89)
Hammerson Prop Inv&Dev Corp PLCOrd 25p - 808 (17No89)
Land Securities PLC9% 1st Mtg Deb Stk 88/93 - 283%/@
75% 1st Mtg Deb Sik 91/96 - 282%
(21No89) (21 No89) 9% 1st Mtg Deb Sdt 98/2001 - 285% 6%% Uns Ln Sdt 98/97 - 273% 175/089

to Walling Line State 9297 - 2737, (17No85)
81% Lins Lin Six 9297 - 2839, 4% 5% London & Edinburgh Trust PLC81% 1st Cum Red Pri 2013 £1 - 88%; (21No86)
London&Prov Shop Centred(Mags)PLC 10% 1st Ming Deb Sck 2026 - 265% Ld 31% 1st Ming Deb Sck 2026 - 265% Ld 31% 1st Ming Deb Sck(58/88) - 290 (21No89)
Lymbon Property&Reversionary PLC101% 1st Ming Deb Sck 2017 - 257%
MEPC PLC93% 1st Ming Deb Sck 97/2002 - 250 - £90 10 k% 1st Mag Deb Sik 2024 - £95% %

**
10% ** Uns Ln Str. 2032 - £81% 2%
65% Cnv Uns Ln Str. 85/2000 - £135@
Merin International Properties Ld Cum
Red Cnv Prt £1 - 53 (£0No89)
Peel Hidgs PLC5 25% (Net) Cnv Cum
Non-Vtg Prt £1 - 83 (£0No89)
9%% 1st Mtg Deb Str. 2011 - £84% %
% % % 9/% 1st Mtg Deb Sak 2011 - 284% %
7 he %
7 he %
Peel South East Ld 11.625% 1et Mtg Deb
Six 2018 - 296% % (20No85)
Fropenty Security in Trust PLC 5% Cum
Pri 21 - 92 (21No85)
Southeth Metropolitan Propenty PLC 10%%
1et Mtg Deb Sak 2016 - 287% (21No89)
Tops Estates PLC 10%% 1st Mtg Deb Sak
2011/16 - 286%
Town Centre Securities PLC 9% Cre Uns
Ln Sak 962500 - 1198 (22No89)
Tratford Park Estates PLC 7%% 1st Mtg
Deb Sak 90/96 - 287 (21No89)
9% 1st Mtg Deb Sak 91/96 - 285
(20No85) **Plantations** No. of bergains included 13

_ _ .

Anglo-Esstern Plantations PLC Warrants to sub for Ord - 28 (20NoSS) 12% W Uns Ln Str 95/59 - 275 (20Noss) Chilington Corporation PLCDM 25p - 88 (20No89) Warrants to sub for Ord - 46 9%% Cum Red Pri 21 - 93 5 pnsolidated Plantations Berhad inch Kennettr Kalang Rubber PLC 10p -

Railways No. of borgains included nil Ontario 8. Quebec Rallway Co5% Perm Deb Stignt Gtd by C.P.) - £39 (17No89) Shipping No. of bargains included 281

Sergesen d-y ASTS* Non Vig Shs NK5 -NK345 MFC PLC Ver Vig Ord 5p - 244 6 8 Peninsular & Orlental Steam Nav Co5% Cum Pit Sik – 249 Cum Pit Sik – 249 Warnanis to purchase Old Sik – 93 102 10 (22No89)

Utilities No. of bergains included 18 Cattlornia Energy Co Inc She of Com Sik \$0.0875 – 27.04 (20No89) GTE Corporation Com Sik \$0.10 – \$64.1275 (21No89) Pacific Ges & Electric CoShs of Com Sik \$5 - 213.068275 (21No89) US WEST Inc Shs of Com Sik of NPV – £44.958913 (17No89)

Water Works

No. of bergains included 19

No. of bergains included 18

Bournemouth & District Water Co
3.5%(Firth) 5%(Cone Ord 58k - £1350
12%% Red Deb Six 1995 - £102
(21No89)

Bristol Waterworks Co3.5%(Firth) 5%(Max
Ord 58k - £500 50 (21No85)
2.5%(Firth) 4%(Firth) 5%(Firth) 5%(Firth) 4%(Firth) 4%(Firth) 4%(Firth) 7%(Firth) 5%(Firth) 5

(22)4089)
East Anglen Water Co.4% Perp Deb
Stit(April & October) - £399
East Surrey Water Co.5.5%(Firsty 8%)Red
Pri Six \$2744 - £105 (20)4089)
7% Red Deb Stit 90/92 - 280
East Worcestersitie Waterworks Co
2.8%(Firsty 4%)(1841)Fri Stit - £206
Eases Water Co.5.5%(Fixily 5%)Cons Ord
Stit - £701 (27)44-689 2.5%(First) 4%(1941)FT SK - 2205
Esser Weiser Co.3.5%(First) 5%(Cons Ord
Stk - 2700 (20No89)
3.5%(First) 5%(First) 5% Cons
Nor Cord - 90 (17No89)
Mid-Southern Weiser Co.2.45%(First)
3.5%(First) 4% First Co.2.45%(First)
3.5%(First) 4% First Co.2.45%(First)
3.5%(First) 4% First Co.2.45%(First)
10% Fled Deb Sit 55/88 - 291
Newscastle & Gatestread Weter Co.11%%
Red Deb Sit 2004 - 295 (20No89)
North Surrey Water Co.4% Deb Sit - 238
(22No89)
7.5% Red Deb Sit 91/83 - 687
Rickmansworth Water Co.3.5%(First)

ickmansworth Water Co3.57 5%)Cone Ord Stk - 21350 5%)Cons Ord Sit - 21330
South Stationashine Waterworks Co
2.1%(Fink) 5%(Fink) 5% - 2750
91% Red Data Sit 63/2000 - 583
(21%68)
Sutton Dietrict Water Co.4.5%(Fink)
7%)Ord Sit - 21900 (21%689)
York Waterworks Co3.5%(Fink) 5%(Mat
Dir)Ord Sit - 21400 (20%689)
Cons Pri Sité4.2% Max Fink) 6%4) 2170 (20%686)

Miscellaneous Warrants No. of bargains included 1 ankers Trust International Ld Was Rel to Ord Sha in Racal Bect, PLC - \$0.64 (22No89) Itsubishi Finance Inti PLC FT-SE 100

Index Warrants 1991 - £4785.08 4835.06 (22No69) Idomon Ino HK\$CallWa to purchOrdSha HK Telecom Ld - £1.08

USM Appendix

Mo. of bargains included 825

Air London International PLCNew Ord 5p (FpLA-8/12/88) - 80

AmBrit International PLC9% Ciny Uns Ln 8kt 1986 - 2840

Apotio Metals PLC8p(Net) Cum Ciny Red Pri 10p - 1689

BLP Group PLC8p (Net) Ciny Cum Red Pri 10p - 72% (21No89)

Beckentham Group PLCWarrants to sub for Ord - 28 (20No89) 9% Red Cum Non-Vig Pri £1 - 83% (17No89) uiid Developments PLCOrd 50p -

Berbuild Developments PLCOrd 50p 105 (20No88)
CIA Group PLC Ord 5p - 98 (21No89)
CIA Group PLC Ord 5p - 98 (21No89)
CIA (210 Cord 5p - 98 (21No89)
CIA (2

tree Brewery PLCOrd 25p - 212.1 2

Millwell Holdings PLCOrd 1p = 21

Quarto Group Inc8,75p(Net)

GreCumRedShe of Pld Sth \$0.10 - 198

(22No89)

Regal Holdi Group PLCOrd 2p = 156 8

(20No89)

Regal Hotel Group PLCOrd up = 136 9 (2010.088)
Sevege Group PLCS.5% (Not.) Cum Red Criv Prt S1 = 63 (2010.659)
Selectiv PLCOrd 1p = 126
Steldon Jores PLCOrd 25p = 60
Vistec Group PLCOrd 15p = 16
Westool Group PLCOrd 10p = 95 6
Wyswele Garden Certers PLC8 5% (Not.)
Criv Cum Red Prt S1 = 132 (2110.659)
Xira-Vision PLCOrd IrEO.55 = 120.91 p 65 6 8 Xtra-Vision PLCOrd Intuits - 120.57 p to 6 8 York Trust Group PLC Red Cum Cnv Pri

ø,

The Third Market Appendix No. of bargeins included 132

No. or bargains included 132

Automobiles of Distinction PLCOrd 5p = 18 3 %

Harriey Bahrd PLCOrd 5p = 626

Kromsgraphic PLCWarrants to sub for Ord of 5p = 3 (17No89)

Medirace PLCWarrants to sub for Ord = 50 (22No85) 90 (22No89) Poddington PLCOrd 5p - 70‡ 2 3‡ 4% % % 5‡ 5‡ Rule 535(2)

No. of bergains included 20
African Gold PLCOrd 1p - 50.12 8.13
Analysis Holdings PLCOrd 20p - 50½
Anglo American Agriculture PLCOrd 25p - 50.0375 (22No89)
Ann Street Bravenies Co Ld Ord 21 - 25.8
5.82
Arsenal Footbell Club Ld Ord 21 - 25.8
Assenal Footbell Club Ld Ord 21 - 25.8
(17No89) \asam-Doosrs resp. (17NoSS) Audiotext PLCOrd 1p = 20.03 (17NoSS) Authoriest PLCOrd 1p - 20.09 (17No99)
Bernythurst PLCOrd 1p - 20.03 (28No83)
Bleasdelo Computer Systems PLCOrd 1p
- 20.015 0.0175
Celtach LdOrd 21 - 24 (20No89)
Duncan(Watter) & Goodricks PLCOrt - 221
(17No09)
Dundes-Angus Ice RinkOrd 21 - 27.7
(22No89)
Ceorder Brief Resnucces PLCOrd 5p -

(22/lo89)*
Gender River Resources PLC Ord 5p – 50% 0.13 0.13 (22/lo89)
Guerrisey Press Co Ld Ord 10p – 52.3 (21/lo38)
Kleinwort Benson(Gusmaey)*Fund Man Telephatomal Lossons — 51 048 (17/load) Kleinwort Berech(Guernsey)Fund Mon international Income — £1.958 (17No99) Lewrie Group PLC Ord £1 — £19 Le Riche's Stores Ld Ord £1 — £3.96 (20No89) (20No89) Leeds Fireclay Co Ld4% 1st Mg Debs(Reg) - £30 (17No89) Debs(Reg) - E30 (17No69) London Weil Hidgs PLC Ord E1 - £3 3.04 (20No69) (20No83)
MBM Britannia International Ld Japan
Income & Growth - £2.556
Manchester United Football Club Ld Ord
£1 - £19 (21No89)
North West Exploration PLC Ord 20p - 18
Peramount PLC Ord 2.5p - £0.17825 0.1775 (21No69)
Pittencrieff PLCOrd 10p - £0.9 (23No69)
Rangers Foothall Club PLCOrd £1 - £70
75 (17No69)
Shepherd Nesmie PLC'A* Ord £1 - £6.96
7.05 (21No69) Southern Novembergers PLC Ont £1 - £3.85; (21 No89)
Sun Oil Britain La Oil Royalty Six Units 1p - £0.43 (21 No89)

- 20.43 (21No89)
Texas Continental Socurties PLCOrd \$50.20 - 21 (21No89)
Western Docurs Tea Hidgs PLCOrd £1 - 800 (17No89) RULE 535 (4) (a) Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

recorded in the Official List.

Ampol Expin. 984 (21/11)

Aust. Hydrocarbons ASO.095 (22/11)

Aust. Hydrocarbons ASO.095 (22/11)

Boral L7

Cape Rampe Oil 5.43 ASO.109 (22/11)

City Developments SSS.64

Coms. Exploration ASO.081 (22/11)

Cultus Res. ASO.286

Diversified Mineral Res. ASO.251 (21/11)

Equity Silver Mipes 2.4

Grants Patch Mining ASO.7563 (20/11)

Harman Parch Mest ASO.04303 (21/11)

Harman Carbon H Co C14.375 (17/11)

Har Par Fors int (Singapore Regl 81

Highveld Steel & Vanadium 54.03

RIS.65, 16.35 (22/11)

Invincible Gold Nt. Ord 3.56 (17/11)

Malaystan Plantines 2002 (21/11)

Malaystan Plantines System MSL1

Malaystan Plantines System MSL1

Milleridan Oil 3 (21/11)

Mount Martin Cold Miles 26

National Electronics (Consolidated) 1.5 (21/11)

Nuglind Milming ASS.21 (22/11) Niugini Mining A\$3.21 (22/11) Nixdorf Computers DN318.6 (20/11) noranga CS0.724 North Finders Mines 1.389 AS2.75 Oil Co of Australia AS0.408 (21/11) Oil Search 25.31,34 AS0.64931 (22/11) Overtess Onlosse Banking Corp SS10.67 (21/11)

Paizbora Mining \$14.95915.072 R61.3 (21/11)
Patrick Petroleum \$5.1259 (17/11)
Patrick Petroleum \$5.1259 (17/11)
Patrick Petroleum \$5.1259 (17/11)
Patrick Petroleum \$5.1259 (17/11)
Patrick Petroleum \$5.1001 (17/11)
Santhwest Gold mines A\$0.061
Strategic Minerals Corp A\$0.538 (22/11)
Terrer Res. A\$0.029 (0.03375 (21/11)
Terrer Res. A\$0.029 (0.03375 (21/11)
United Devrease Land \$\$1.9874 (20/11)
Vallant Consolidated A\$0.061 (20/11)
Westfield Minerals C\$1.159 (21/11)
Windsor Res. A\$0.138 (22/11)
Windsor Res. A\$0.138 (22/11)
Windsor Res. A\$0.138 (22/11) ora Mining \$14.95015.072 R61.3 (21/

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By Pertubution of the Stock Exchange Coo

WORLDADVERTISING

The Financial Times proposes to publish this survey on:

4 DECEMBER 1989

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FINANCIAL TIMES

LONDON STOCK EXCHANGE

Weak sterling holds back equities

the London equity market ground to a close last night with the continued uncasiness in sterling effectively stemming any recovery in confi-dence in the outlook for share prices. The withdrawal from equity market making in London by Laing & Cruicksbank. the subsidiary of Credit Lyonnais, underscored the deep-rooted concern over prof-itability at London-based securities firms. Gloom deepened in late dealings when the opening of the new equity trading account brought little sign of

The pace for the day was set by the foreign exchange mar-

Accoun	t Dealing	Dates
Piret Deciloga: Nov 13	Nov 27	Dec 11
Option Declarate Nov 23	Dep 7	Dec 21
Last Dualings: Nov 24	Dec 8	Dec 22
Account Day: Dec 4	Dec 18	Jan 6
Now time deals	ige stey tells	place from

ket where the pound's weakness against the strong German mark quickly stemmed an initial uptick in share prices. For most of the session the Footsle Index moved around its overnight levels, edging very slightly better in late dealings as traders speculated on hints of a takeover move against

FT-SE Index with a net gain of 19 at 2,224.4. The Index has managed to add a mere 5.7

points over the two-week trad-ing account which was unsettled by the market's reaction to the Autumn Statement on the UK economy from Mr John Major, the Chancellor of the Exchequer, and then by the latest statistics on the domestic economy. The Index shaded lower by one point last week, with the market uncertain as it braced itself for Thursday's announcement of a slight narrowing in the UK trade deficit. The London equity sector is

Morgan Grenfell, the UK mer-chant bank.

The final reading showed the

aware that the most significant response to the UK trade fig-ures will come from the foreign exchange markets and, with New York still at half-throttle yesterday, equity traders are resigned to waiting until Monday morning for a full view of sterling's prospects

Weakness in the pound could prompt selling of UK equities by some foreign hold-ers for whom currency considerations rank higher than other factors. Domestic funds have shown little inclination to sell stock, and this has sustained share prices during the present period of uncertainty. UK funds are believed to be potential buyers of equities if

the Footsie drifts down towards the 2,100 mark: indee last week saw cautious bargain-hunting by he pension funds which were willing to take lines of stock below market prices. The significance of the FT-SE 2,100 mark, according to analysts, is that it would put the market on a dividend yield of about 5 per cent, a return rarely seen.

"Views on the prospects for the stock market are the opposite of those for the economy, commented one senior analyst this week, indicating that investors may be more confident over prospects for equities than for the domestic economy

from brokers' recommenda-tions on Thursday and GUS

'A" shares firmed 9 to 1053p.

Thursday's profits warning from Capital Radio took the

shares another 70 lower to

USM-quoted Citivision, which has 500 video outlets, ended

with the shares holding steady at 139p. The company said on

downward trend with a large buyer said to have boosted the

stock 23 to 508p. The shares had been falling for most of the

week, as a US arbitrageur was

reported to be trying to offload

Mr Paul Compton at UBS

Phillips & Drew believed the

share price move could be

because Western Motor is likely to benefit from "Peres-troika." He said: "Western Motor import Lada cars and

the Russians have said they

will be spending £1bn to develop a new small car range.

profits, well above market expectations, lifted VSEL Con-sortium. The company reported mid term profits of £12.1m., up from £5.5m at the

same stage last year. Mr Pete Deighton at County Natwest said: "There is no way that

worries about defence will

impinge on the Trident pro-

gramme. They are building two

and are likely to win orders for two more." Mr Deighton also pointed out that the company had long order books. County Natwest have upgraded its pre-

vious profit expectations from £23.1m to £27m. The shares

A reported profits downgrad-ing from its own brokers was

said to have caused the fall in IML Cazenove, were said to have shaved 1989 profits expec-tations by £3m to £124m, but

closed up 27 to 428p.

News of bumper interim

esday it had applied for a full listing.
Western Motor reversed its

	F	:nan	CIAL	TIME	\$ ST	ock	INDIC	;es		
	Nov 24	Nov 23	Nov 22	Nev 21	Nov 20	Year Ago	fligh	989 Low	Since Co High	mpilation Low
Government Secs	84,10	83.70	83.56	83.50	83.50	87.48	89.29 (8/2)	83.50 (20/11)	127,4 (9/1/35)	49.18 (3/1/75)
Fixed interest	92.80	92.71	93.17	93.13	\$3.23	96.97	99.59 (15/3)	92.71 (23/11)	105,4 (28/11/47)	50.53 (3/1/75)
Ordinary Skare	1754.9	1754.1	1734.4	1731.9	1734.1	1462.5	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/88)	49.4 (26/6/40)
Gold Mines	296.7	291,4	290.5	282.8	274.1	175.7	296.7 (24/11)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 108 Share	2222.4	2220.5	2132.3	2185.1	2183.1	1794.7	2+26.0 (5/9)	1782.8 (3/1)	2443,4 (16/7/87)	966.9 (23/7/84)
Ord. Div. Yield Earning Yid %(full) P/E Retio(Net)(화)	4.85 11.68 10.36	4.77 11.44 10.56	4.81 11.54 10.46	4.82 11.55 10.46	4.82 11.54 10.46	4.87 12.20 9.93	Ordina	100 Gavt. Ser ry 1/7/35, Go 100 31/12/83.	id minos 12/5	hted int. 1928, 1/55 Basks 1000
SEAQ Bargains(5pm) Equity Turnover(2m)†	29,856	24,474 539 48 19,428	20,977 590.03 20,928	21,524 739,24 23,394	24,493 684,19 23,318	32,373 1176.41 27,421	Gi India		ED AC	
Equity Bargainst Shares Traded (mi)† Ordinary Share Index,	- Housts et	412.4	252.5 Day's Hig	308.0	319.8	496.8 Low 174		Edged Bar Day averag		
Open 1765.3 10 a.m. 1760.1 FT-SE, Haurly change	11 á.m. 1754.8	12 p.m. 1753,4	1 p.m. 1751.9 Day's Hig	2 p.m. 1750.8 h 2224.8	3 p.m 1750. Day's	4 p.i 3 1751 1 1751	1.7 the 6	ness & Over FT Indices of ty Volue and ty Bargains inced on Jul	seas turnover of delity Equity of the five-d and Equity to y 31. Closing	g intra-market. Colcutation of Bargains and lay everages of Julius, was dis-
Open 10 a.m. 2224.1 2216.9	11 a.m. 2222_4	12 p.m. 2220,4	1 p.m. 2219.0	2 p.m. 2217.4	3 p.m 2216.		Lone	valiable on i lon report & 0898 123001	nd latest Sho.	re Indek:

Renewed alert at Morgan

Morgan Grenfell, the merchant bank, raced higher in keen trading as the market picked up the scent of impending news regarding a possible "white knight" bid for the company. After an uneasy opening, when the shares momentarily slipped to 459p, Morgan moved up strongly to end the session a net 16 higher at 476p.

Favourite to bid for Morgan is Deutsche Bank which already has a 4.9 per cent stake in the bank, although other possible bidders mentioned by dealers included Lloyds, Credit Suisse and one of the Japanese

Morgan has been seeking a white knight since Willis Faber, the insurance broker. revealed on October 26 it had conditionally agreed to sell its 20.4 per cent stake in Morgan to Banque Indosuez. Suez is the banking arm of Compagnie Financière de Suez of France. Suez has already bought a

10.6 per cent stake from Willis and has the right to buy Willis' remaining 9.8 per cent for 462p. Willis holders vote on Wednesday to approve the sale of its remaining Morgan shares. After the Willis deal, Morgan held talks, ultimately unsuc-cessful, with BZW before embarking on the search for other possible buyers. Dealers said that any bid for Morgan would have to be above 462p. It would probably be around the 500p level at which Morgan was floated in 1986.

Standard active The best performance among

the big banks came from Stan-dard Chartered which extended its recent firm show-ing, the shares closing another 18 higher at 558p. Turnover in Standard shares was 4.4m shares, well ahead of usual

three reasons for the latest rise in the price. Firstly, there were stories in the market that the bank could attract the atten-tions of a predator, with Lloyds mentioned as a possible bidder. Secondly,there were persistent suggestions that the UK and Far Eastern headquarters of the bank were about to realise good prices. The third, and to dealers, was that there has been and still is an acute stock shortage in the market, with one firm said to have been closing a short position in the

One analyst said the bid stories, "which pop up from time to time are unfounded," and that Standard shares "have reached the levels at which profits should be taken."

The Morgan Grenfell stories were not fully appreciated by the rest of the merchant bank stocks which were barely changed. As one analyst put it "If Morgan Grenfell goes then the rest of the sector will certainly perform" He said Hambros would be

every analyst's favourite as the next in the firing line; "Out of only a limited number of Stocks Hambros is the obvious success riamores is the cowbins candidate, followed by Klein-wort Benson." He regarded SG Warburg as relatively safe – "I think there would be political repercussions there," and said Schroders was protected by a near 40 per cent family holding. Hambros shares held at 220p with a recent large line of stock, thought to have been in the region of 2m shares, in the bank said to have been placed in the market yesterday. Kleinwort Benson edged up a penny to 359p.
An incorrect news agency

nessage, putting a \$1.35bn price tag Barclays' US con-sumer lending businesses which were sold to Primerica saw Barclays shares momentarily advance to 536p. But the realisation that the sale price was really \$135m brought Barclays shares back sharply to a closing level of 525p, only frac-tionally up on the day; "A reasonable deal for Barclays," said Mr Robert Law of Shearson

Insurances attracted brisk business. In lifes Refuge were boosted by persistent buying and closed 9 up at 677p with dealers taking the view that Athena, the French insurance prouse many here been back in group, may have been back in the market adding to its stake. "But turnover this account has only been some 686,000 shares, not really enough to up the stake by very much," said one specialist. He said it was possible that UK insurance groups may have been buying Refuge stock in an attempt to head off any further French buying.

Insurance brokers were fea-tured by Willis Faber which idded 11 at 269p on turnover of 1.8m with Hoare Govett said to have been a strong supporter

The stake-building stories that have surrounded Burmah in recent months emerged again with the shares moving up strongly to close a net 12 higher at 675p. Turnover came out at only 506,000 causing analysts and dealers to doubt that any further stake-building had been carried out. SHV, the privately-owned Dutch holding company, has a stake 9.14 per cent in Burmah and only last week said it regarded the stake as "friendly." Dealers insisted, however, that much of the buying carried out yesterday had been done by the same US owned firm that was seen to have accumulated much of SHV's holding. And there were stories that a Dutch pension fund had been bidding for large large of stock.

The exploration and production stocks were firm in a shortage of stock. Hardy Oil & Gas, boosted by a recent buy note issued by BZW and talk of a Kleinwort recommendation added 8 at 166p. Shell moved up 2 to 437p after being labelled a buy by Goldman

Cadbury Schweppes gave up some of its mid-week gains on profit-taking, closing 3 lower at 335p. Fitch Lovell was boosted by modest buying and rose 2 to 212p. Unilever continued to advance as sterling weakened against the Deutschemark. It finished 10 higher at 669p. Asda remained weak as wor-

ries about its current trading outlook persisted. Its share price remained below 130p, which had previously been considered as a solid support level. Asda finished 3 lower at 127p. Tesco was also on the defensive, as light selling pushed it a penny lower to

BZW is worried that biscuit sales have not recovered as quickly as had been expected

NEW HIGHS AND LOWS FOR 1989

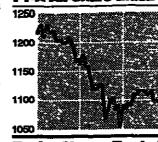
DIGHT FUNDS (1) AMERICANS (1) EAUCS (2) CHEMICALS (1) FOORES (1) ELECTRICALS (1) FOODS (2) REJUSTRIALS (1) Jurdine Strangic, Sykons, INSURANCE (1) LEISURE (2) PAPIETE (1) TRAINTS (13) OLS (4) MARCS (24). NEW LOWS (62).

On the week

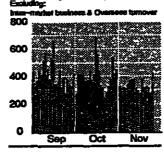
RIŞES	

	Rises	Falls	Same	Rises	Falls	Same
British Funds	82	9	11	288	141	81
Corps. Dom. & Foreign Bonds	10	0	32	47	26	139
Indestrials	326	378	897	1,468	2,154	4,375
Financial and Props	182	132	382	828	719	1,837
Olls	25	18	50	129	120	216
Plantations	1	2	8	5	5	35
Mines	57	25	80	271	124	431
Citers	47	39	182	324	324	594
Totals	730	603	1,605	3,360	2,613	7,700

FT-A All-Share Index



Equity Shares Traded Turnover by volume (million)



from the slacker sales of the hot summer period. In addi-tion, they said customers had switched to purchasing cheaper frozen food items. Mr Carl Short of Kitcat & Aitken said. "It's chicken kiev rather said: "It's chicken kiev rather than duck à la orange." Other analysts also lowered their estimates. County NatWest now forecast £187m compared with £192m; Kitcat also expects £187m against £193m. Dealers also said press reports that a US subsidiary of

UB had joined the "salty snack war" depressed its price. Talk that UB is set to announce a deal with a European food manufacturer remained in the market but failed to prevent UB closing 11 lower at 350p.

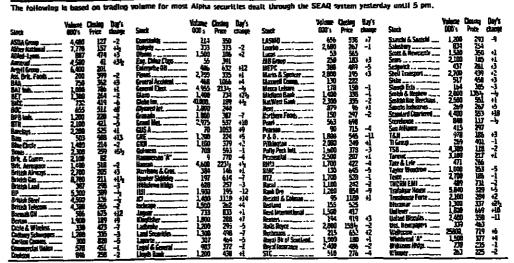
News that Queen's Moat Houses had secured a multicurrency revolving credit loan facility for shout \$220p. facility for about £226m - it can be drawn in several cur-rencies - reminded the market that the company had a 9.15 per cent stake in brewer

Bass climbed 13 to 988p ahead of final results on November 29 while Grand Metropolitan closed 10 bette 537p with figures next month. Boots received what one

dealer decribed as "a fairly kind press" following Thursday's uncertainty over progress or otherwise made by recent acquisition Ward White. Boots climbed 5% to 259p. One dealer also mentioned vague talk that Hanson had included Boots on its list of possible acquisitions. Burton firmed 9 to 189p. Ratners climbed 8 to 269p

after a lunchtime presentation at SG Warburg, while Etam were bought ahead of going xd on Monday, leaving the shares 9 better at 182p. Great Universal Stores continued to benefit

Trading volume in Major Stocks



cut 1990 expectations from £140m to 128.5m. The shares slipped 11 to 196p. Hunting put in a good per-formance as the shares rose 7

to close at 214p. They were said to have been helped by the likelihood of new orders for fitting out British Aerospace's Jet Stream Turbo prop plane. British Aerospace shares closed a couple lower at 518p. Unitech, the electronics components and equipment group, touched a year's peak of 399p before ending the session a net 16 higher at 397p. Dealers said there were hints in the market

that Dr Tito Tettamanti, the Swiss-based arbitrageur, was about to launch a 410p a share takeover bid for the group. Dr Tettamanti has built up a 17 per cent-plus stake in Unitech in recent months. Dealers suggested that any bid from Dr Tettamanti would prompt a counter offer from another Swiss group, Elektrowatt, which holds a near 30 per cent stake in Unitech.

Shares in Harry Remsden, the fish and chip restauranteur, closed at a 10p premium over the 100p offer price on the Third Market. The offer of 4m shares last week was oversub-scribed 2.6 times. Shares in Attwoods slipped

on the announcement of a US acquisition. The company said it had paid £42m to acquire Mindis Industrial Corporation based in Atlanta. The shares fell 9 to 431p. James Wilkes fell on a rights issue to finance a £15m acquisition of Floform, a supplier of electrodes to the automotive industry. The shares fell 31 to 214p.

Continuing fears that next month's finals from Seatchi & Şzatchi will reveal lower profits and no dividend continued to undermine the shares. Turnover was a steady 1.2m as the price fell 9 to 293p. Paper and packaging maker David S Smith rose quickly in a belated response to Thursday's agreed bid for UK Paper. Smith is the UK's only other

independent paper maker, and Stone Foundation of the US was again mentioned as a potential suitor. Dealers noted buying interest from the US as well domestic new time buyers. Smith shares rose 19 to 312p. Monotype, which has been making typesetting equipment since the turn of the century, rose 45 to 155p on news of an agreed offer from a US invest ment group. The offer valued

Monotype at about £32m. A large order for British Air ways stock at 204p pushed the shares past that mark to close

3 better at 205p.
Two large sellers of
USM-quoted British Island Airways took the floor from under the shares which fell 13 to 54p. "It is a 5000 share market and there was one seller of over 20,000 and another of over 70,000," said a dealer.

■ Other market statistics, including the FT-Actuaries Share Index. Page 11.

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday November 23 1989

old Mines Index+	79.89	Food Menufacturing +
iencies +		Insurance(Brokers)+
saith & Household Products +	40.99	Financial Group +
surance(Life)+	39.43	Leisure +
ntors+		Chemicals+
vestment Trusts+		Transport +
erchant Banks+		Publishing & Printing+
8. Gas +		Capital Goods+
inglomerates+		Overseas Traders+
ewers and Distillers +		Mechanical Engineering +
od Retailing+		Stores+
her Groups+		Telephone Networks+
rds +		Building Materials+
her Industrial Materials +		Textiles+
surance(Composite)+		Electronics +
nsumer Group+		Electricals+
0 Share Index+		Packaging & Paper+
Share Index +		Metals & Metal Forming+
ning Finance +		Property
fustrial Group+	19.25	Contracting, Construction

BENCHMARK GOVERNMENT BONDS

UK GILTS	13.500 9.750 9.000	9/92 1/98 10/08	104-03 84-27 93-18	-1/32 +6/32 +6/32	11.73 10.71 9.75	11.81 10.78 9.87	11.33 10.44 9.53
US TREASURY .	7.876	11/99	100-17	+3/32	7.78	7.88	7.84
ga (RENGON)	6.125	8/19	102-31	+6/32	7.86	7.90	7.86
JAPAN No 111 No 2	4.600 5.700	6/98 3/07	94,8972 101,9550	+0.389 +0.830	5.47 5.48	6.50 5.52	5.36 5.23
GERMANY	6.750	6/99	98.5000	+0.250	7.26	7.46	7.01
FRANCE BTAN OAT	8.000 8.125	7/94 5/99	94.3097 94.3000	+ 0.129 + 0.260	9.55 9.03	9.70 9.07	9.24 6.78
CANADA *	9.500	10/98	99.6250	+0.200	9.56	9.50	9.41
NETHERLANDS	7.250	7/99	96.8900	+0.350	7.71	7.81	7.41
AUSTRALIA	12.000	7/99	93.3702	+0.004	13.23	13.28	13.70
London closing, *	lenotes No	w York	morning s	ession			

Prices: US, UK in 32nds., others in d Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Markets wither in gold's shadow

LONDON'S COMMODITY markets this week were very much in the shadow of gold. As the return of institutional investors swept the yellow metal \$25 higher to \$416.25 a troy ounce (see page 4) — with silver and platinum following in its wake — all the leading soft commodities and London Metal Exchange contracts were losing ground.

The biggest setback was cash pickel's net \$575 fall on the week to \$9,600 a tonne (after reaching a 21-month low of \$9,275 a tonne on Thursday). That was attributed to bearish chart patterns, slowing demand from the stainless steel industry and freer sup-plies from the Soviet Union. fronically, however, nickel was one of only two LME contracts to remain in "backwardation" where the cash price is above forward positions, generally a sign of concern about nearby supply tightness.

The aluminium and lead markets both moved from cash premiums to discounts this week, joining tin and copper. This situation, known as "contango", is regarded as the norm because forward con-tracts are expected to bear the extra costs of storage, insurance and lost interest over the intervening period. In recent years, however, lack of metal

10

available for immediate delivery had been keeping most metals in backwardation. The recent widespread

switch to contango has had more to do with slackening demand than freer supply. Cop-per stocks in LME registered warehouses have risen by nearly 30,000 tonnes in the past three weeks to 114,650 tonnes. but that level is still relatively low, as are those for the other LME metals. For much of this year the

impact on copper prices of slowing industrial growth has been masked by concern about a series of production disruptions. Most of these disruptions are over, however, and the one that remains – the stoppage at Papua New Guinea's 180,000 tonnes-a-year Bongainville mine because of rebel attacks - has been going on so long (since May) that it has become almost a fact of life in the mar-

The resulting slide in copper prices continued this week with the cash quotation dip-ping to a 4-month low of £1,576 a tonne before closing yesterday at £1,589.50 a tonne, down £22.50 on balance.

The zinc market is drifting downwards for similar reasons and expectations of substantial deliveries into LME warehouses by the end of the year

helped to push the high grade cash position down to a 13month low of \$1,350 a tonne on Thursday. Profit-taking and short-covering purchases sparked a \$10 rally yesterday, but the cash price still closed \$80 down on the week, although retaining a \$45 back-

> The lead market came under further pressure after dipping below a chart support point and the cash position ended the week £18.50 down at £421 a

It was a similar story on the

London Futures and Options Exchange (Fox) where cocoa and coffee futures remained in the doldrums and sugar prices lost some of their recent gains. The wooden spoon went once again to the cocoa market, where prices plumbed fresh 14year lows. The March futures position closed yesterday at £653 a tonne, down £21 on the week, and some dealers were

Until recently the cocoa market's fundamental weakness had been disguised, as far as the prompt December position was concerned, by concern about the large number of uncovered contracts for delivery against that position. But the progressive raising of

deposit requirements for

predicting a continued slide to

December contracts has helped to narrow the gap and with large quantities of beans being graded for delivery confidence is growing that the December expiry will pass off without too much difficulty.

A further downward influence on nearby prices was pro-vided this week by the Ivorian cocoa marketing board's agree-ment to disclose the scale of its areas on payments to export-ers. This move is expected to result in an upturn in exports from the Ivory Coast from the middle of next month as it will facilitate bank financing of

The country's cocoa shipments have been running well behind normal with only 50,000 tonnes exported so far, com-pared with 140,000 tonnes at the same point last year. Coffee prices had been doing

no better than cocoa until yes-terday, when a £10 rally left the January futures position only £3 down on the week at 2682 a tonne. The market tone remains anything but buoyant, however, with even the previously optimistic Mr Luis Escalante, Costa Rica's Foreign Trade Minister, now admitting that price-stabilising International Coffee Organisation export quotas are unlikely to return before late next year. Richard Mooney

senior vice president; Mr Jean-Louis Fontaine, vice-chairman; and Mr Raymond Royer, presi-dent and chief operating offi-

Limton McLain Shorts is the aerospace com-pany privatised by the British Government in a sale last month to Bombardier of Canada, an engineering and aerospace organisation. The board met in Belfast under the chairmanship of Mr Laurent Beaudoin, chairman

Senior Civil Service posts

Shorts new

The new board of directors of SHORT BROTHERS met for

the first time this week, corites

The new board includes only three of the original eight-man board of Short Brothers before it was privatised. The three are Mr Rodney Lund, the former chairman; Mr Roy McNulty, who remains as managing director of Short Brothers; and Mr Alex Roberts, deputy managing director.

and chief executive officer of Bombardier Inc.

Four of the most senior Bomhardier executives have been appointed to the board, including Mr Beaudoin as chairman.

They are joined by Lord

board

King, chairman of British Airways, and Babcock International: Sir Martin Farndale. formerly commander-in-chief of the British Army of the Rhine; Mr Edward Haughey, chairman of Norbrook Holdings; and Dr George Quigley, chairman of the Ulster Bank.

The Government put £780m into Shorts, Belfast's largest employer, under an agreement to sell it to Bombardier for £30m. The injection of funds included new capital invest-ment, money for training, the write-off of Government loans, and £275m to recapitalise the company, repay all remaining borrowings, and to meet anticipated losses on existing aero-space contracts. The Canadian company agreed to keep Shorts for at least four years.

deputy secretary in the Cabi-

net Office in succession to Mr

Richard Wilson, who will be

taking over the industry sector from Mr Monck.

Dame Anne Mueller, the

most senior female civil ser-

vant, who has done much to

promote equal opportunities in

the civil service, will be retir-

ing next month, one year early,

Mr Hayden Phillips, 46, will

succeed Dame Anne Mueller in

charge of civil service manage-

ment and pay. He will be replaced as head of the public

services sector by Mr Andrew

for personal reasons.

The others are Mr Bob Brown.

Mr Nicholas Monck will be the new pubic expenditure chief in

the Treasury in succession to

Mr John Anson, who will be retiring next April, a few months early, to allow Mr

Monck to take over at the start

of the 1990 public expenditure

survey, writes Hazel Duffy. Mr Monck, 54, currently responsi-ble for the industry and public

enterprise group, will be promoted to second permanent

No 10 also announced yester-

day the appointment of Mr

Peter Owen, 49, currently a deputy secretary in the Depart-

ment of the Environment, to be

secretary.

has been appointed divisional director of CHART DISTRIBU-TION SERVICES, Redditch, part of Lex Services group, which has joint ownership of the company with Lombard North Central.

APPOINTMENTS

H Mr Alex Walker has been promoted to director of CIN Properties.

Mr George Longstaff (above)

Tonbridge, has appointed Mr Alistair S.H. McIlwreith as finance director. He was finance manager and company secretary, Norsk Hydro Oil

BRABANT RESOURCES.

Mr Stuart Benson has been appointed non-executive director of CARGO CONTROL (formerly Jantar). He is a partner in Turner Kenneth

■ HONORBILT GROUP has appointed Mr Bernard Klug as a non-executive director. He joined the group when Gallini was acquired.

Nationwide technology director Mr Bernard Simpson has been appointed general manager responsible for technology by NATIONWIDE ANGLIA BUILDING SOCIETY, Swin-

don. He was a director of Gateway Foodmarkets, where he was responsible for the integra-tion of the Cateway and International chains, and then Fine Fare and Carrefour. Subsequently he became responsible for information technology throughout the parent company Dee Corporation (later Gateway Corporation).

Mr Ian Bell, managing director of the Town & Country Building Society, has been appointed chairman of the METROPOLITAN ASSOCIATION OF BUILDING SOCIETIES until April 1991.

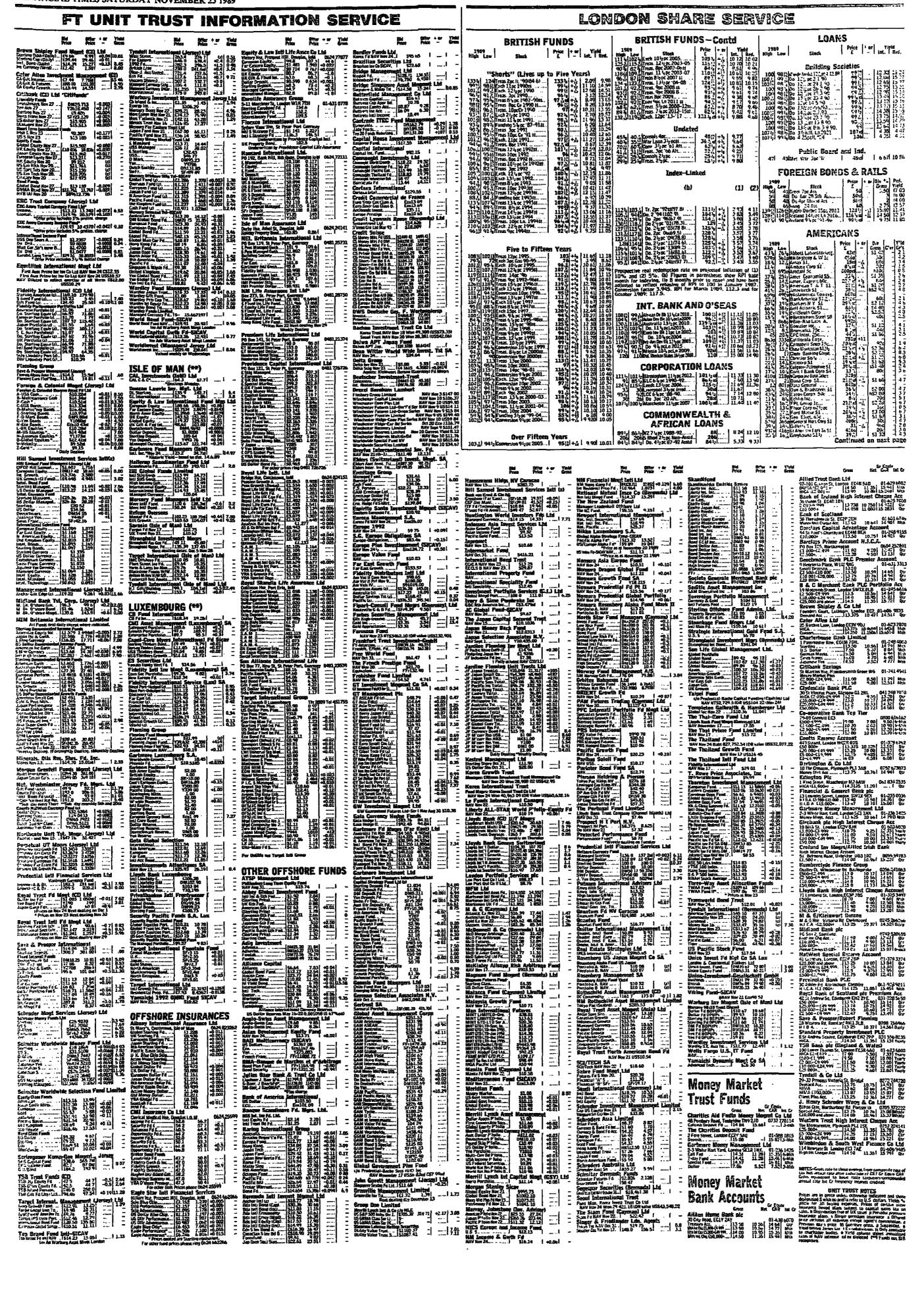
■ TOUCHE, REMNANT & CO has appointed Mr Nicholas Holliday as a director of Touche Remnant Investment Management. He will be responsible for UK pension fund marketing, and joins from a similar post with Robert Fleming Asset Management.

E Mr Mike Brown, chief executive of the Company Pensions Information Centre, becomes director of information services at THE NATIONAL ASSOCIATION OF PENSION FUNDS from January 1.

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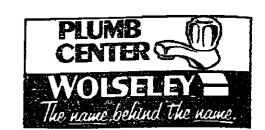
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FINANCIAL TIMES

Weekend November 25/November 26 1989



Battle of ideas in Tories' contest without challengers

WITH Mrs Margaret Thatcher on coast-to-coast US television yesterday denying she had made herself a "lame duck" Prime Minister and opponents at home portraying her as an autocratic, born-again president for life, a Tory leadership contest without any challengers appeared to be well under-

While one junior minister rounded on MF Sir Anthony rounded on MP Sir Anthony Meyer, the only identified, possible candidate, suggesting he would appeal to the party's "invertebrate tendency." another Tory MP sent bailot papers to his constituency party members asking them to tell him if they supported Mrs Thatcher or "another member Thatcher or "another member of parliament."

A former minister has already demanded that all his colleagues should give a public oath of allegiance to Mrs
Thatcher. Yesterday, in the
Commous, the opposition parties stapped up efforts to
impose maximum embarrassment and anxiety within an uncharacteristically rattled

Tory party.
Mr Douglas Hurd, the Foreign Secretary, on being urged by Labour to emulate Eastern European ministers in persuading "ageing and intransigent" leaders to resign, said only that he had better con-

tinue with his speech.
Mr David Steel, the former Alliance leader, called her "a rabid old lioness" while Mr Paddy Ashdown, the leader of the Liberal Democrats, said the only thing worse than a

By John Elliott in Hong Kong

HONG KONG'S economic

growth has suffered a sharp fall – largely because of the June crisis in China.

According to early estimates, the colony's economy contracted by 1 per cent to 2 per cent in the third quarter of this year in the immediate wake of

the massacre of pro-democracy

demonstrators in Peking. There has been a marked slow-

down in both external trade

nomic deceleration than had been expected. The Govern-

ment yesterday halved its fore-

cast of GDP growth for the

whole of 1989 from about 6 per

growth of Hong Kong's econ-

This means the rate of

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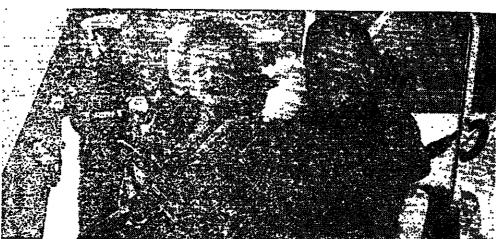
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NEW YORK (5)



Driving along: Margaret Thatcher and George in a golf cart at Camp David

prime minister intending to retire after the next election was one who would not retire. For the defence, Mr David Waddington, the Home Secretary, endorsed Mrs Thatcher's leadership. He said the Tory party and millions of ordinary people should welcome her

determination to "see through to the end" the work she began in 1979.

In North West Clwyd, Sir Anthony's constituency, there were rumblings of discontent at the MP's avowed intention to stand if no one better comes forward by the time nominations close on Thursday. Mr George Lee, a member of the

local party executive, said Sir Anthony had not been sent to Westminster to fight the Prime Minister.

omy will have halved in each

of two successive years, down

from 13.5 per cent in 1987 to 7 per cent in 1988 and 3 per

After a slight contraction in growth in 1985, the economy grew by 30 per cent in the following three years. It was beginning to cool down when it

was rocked by the events in

The figures suggest that the impact of June on Hong Kong had been underrated and dem-

ness confidence, activity and

consumer demand were

knocked. This accelerated an

economic slowdown which had

been triggered by China's aus-

terity programme and by a decline in world demand.

cent this year.

Mrs Thatcher herself, in Washington for brief talks with President Bush, proclaimed her combative credentials and said she was looking forward to the battle of ideas.

Evaluating her appropriation of the company of the part of the par

forward to the battle of ideas.

Explaining her apparent about-turn on plans to step down sometime after the next election. Mrs Thatcher said she had received so many protests about her original remarks that she was prepared, by popular acclaim, to carry on. She continued: "People were suggesting that if one were not prepared to go on, one might be a lame duck. I've never been a lame duck in my never been a lame duck. I ve hever been a lame duck in my life and I do not intend to start now. I will go on, as long as I am wanted or re-elected."

Sir Anthony, who has yet to secure his proposer or sec-

There has also been local reac-

tion to Hong Kong's own over-heated economy.

However, government economists believe that there will now be some slight recovery because the initial shock of the June events has worn off and

the tourism and property mar-

kets have bottomed out.
The trade figures for October

are expected to show that domestically-produced exports

grew by only 1 per cent in real

terms compared with a year earlier. This compares with 5.5

per cent in the first quarter, 2.2

per cent in the second quarter

and a 1 per cent decline in the

tained in the Government's

third quarter economic report.

Yesterday's figures were con-

third quarter.

Hong Kong pays for China's crisis

onder, said his impending challenge had been made all the more relevant by the Prime Minister's latest com-Prime Minister's latest comments. He said of his opponent: "Isn't she wonderful. I think she is absolutely terrific. But what she is, in effect, saying is that she is offering herself as president for life. And if that really is so, I think the case for the party to decide democratically whether they want a president for life is overwhelming."

Sir Anthony stressed that if a more senior contender emerged, he would "fade into the oblivion from which I should never have emerged."

Mrs Thatcher would vote for that.

Thatcher asks Bush for caution on eastern Europe, Page 2

They revealed that the annual

rate of inflation remains high, with a forecast of around 10

per cent for the year, up from a forecast of 9.5 per cent three

Sharp drops in tourism and other domestic activity led to a 4 per cent decline in retail

sales in the third quarter com-pared with a year earlier. This followed a 3 per cent decline in

the second quarter and 6 per cent growth in the first three

entrepot trade with China was

shown by re-exports to China falling by 1 per cent in the third quarter compared with a

year earlier. This contrasts with 50 per cent year-on-year

Mr John Craven, Morgan's

chief executive, asked Mr Antoine Jeancourt-Galignani,

Indosuez's chairman, to agree

to a five-year standstill on his investment in Morgan. How-

ever, Mr Jeancourt-Galignani

Analysts said yesterday that

a new offer would have to

value Morgan at £5 a share at least — the price at which it was listed on the stock

exchange three years ago, valuing the whole group at nearly

£800m. Morgan shares last night closed at 460p.

Deutsche Bank refuses to

growth in the first quarter.

months of the year. Hong Kong's o

Screening for AIDS to start in hospitals

By Alan Pike, Social Affairs Correspondent

A WIDESPREAD programme of anonymous screening to try to establish the extent of the AIDS threat in Britain is to be introduced in the new year. Blood taken from hundreds of thousands of people attending hospitals for other medical tests will be analysed for HIV antibodies in a long-term programme to track the spread of the AIDS virus.

The screening programme will provide much-needed details about the extent of HIV among heterosexuals, where

There had been 1,422 AIDS deaths in Britain by the end of October – the great majority among homosexual men, intravenous drug abusers and hae-

have become alarmed at recent suggestions that the heterosex-ual community has little to fear from AIDS. Last week Lord Kilbracken, a Labour peer, said official figures suggested that the likelihood of AIDS infection among heterosexuals was insignificant.

Sir Donald Acheson, the Government's chief medical officer mounded on such vicers.

could be much higher. He said: "AIDS is not prejudiced and can kill anyone, whatever their

Health Minister, announced the screening programme at the symposium. Details of the age and sex of those screened and the location of tests will be collected but she said that all blood would be tested anony-mously and "it will be quite impossible to trace the result of the test back to the individ-

transmitted disease and antenatal clinics and will be extended to some general hos-pitals later in the year. New-born babies will be included in the tests.

Continued from Page 1

All remaining doubts that the workers and many in the countryside would stay aloof from the agitation - one of the last main hopes of the Commu-nist leadership - also crum-bled yesterday. Some 10,000 workers from CKD, the huge

Mass demonstrations also

Czech television suddenly discovered glasnost. Programmes were interrupted late in the afternoon by clips from the Prague demonstration, during which an announcer voiced the view that the demonstra-

information is scarce. mophiliacs. Government health officials

officer, rounded on such views at an international symposium on AIDS in London yesterday. They were, he said, highly irresponsible. At least 700 British people had been infected as a result of heterosexual intercourse and the real figure course higher beautiful to the said.

sexual orientation."

Mrs Virginia Bottomley, the

Patients who object will be able to refuse to allow their blood to be tested.

The screening programme will begin on January 15. It will be launched in sexually

A nationwide screening programme will provide informa-tion on HIV infection by age group, sex and geographical location and the information gained should enable AIDS prevention campaigns to be better directed.

Czechs

expressed sympathy with these peace demonstrations, saying that they were in aid of necessary reforms.

Prague engineering works, attended the Wenceslas Square rally.

took place in Bratislava, Kocice, Vitkovice and Banska Bystrica in Slovakia – all with high worker participation.

tors were "putting forward the demands of us all."

Morgan hopes for ally

By David Lascelles, Banking Editor

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CHIEF PRICE CHANGES YESTERDAY

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in Indosuez fight

NEGOTIATIONS by Morgan Grenfell, the City merchant banking group, to find a "white knight" to help it fend off an unwelcome approach from France's Banque Indosuez are likely to reach a climax this

Morgan hopes to be able to make an announcement on Monday. Deutsche Bank, West Germany's biggest bank, appears to be the front-runner, although other institutions are also involved.

Morgan needs to clinch a deal before Wednesday, when shareholders at Willis Faber Morgan has made it clear

said he was not prepared to wait that long, forcing Morgan to look elsewhere. The quest for a "white knight" was not easy, because few institutions are acceptable to Morgan and strong enough.

will be voting on whether to sell a further 10 per cent of Morgan stock to Banque Indo-suez. Willis has already sold 10 per cent to Indosuez, which now holds 14.9 per cent and is Morgan's largest shareholder. that it does not relish the prospect of Indosuez owning 25 per cent of its stock. It claims that the French bank will cramp its style without bringing it any

comment. It has owned 4.9 per cent of Morgan for nearly five years, and is engaged in a pol-

Krenz interview Continued from Page 1 Berlin showed more "co-oper-

He said: "At the moment, we are not planning to open it. Whether we open it, and when we open it. depends not on us, but on the other side." Mr Krenz revealed his coun-

try's interest in eventually joining the European Commu-nity. Although "a difficult question to judge today," he called EC membership: "A question in a historical framework - to do with the common European house which we all want to build."

In spite of the opening a fortnight ago of East Ger-many's western borders, Mr Krenz said the Berlin Wall would stay to prevent unity between the two German states. "The falling away of the border would have significant consequences for carry-ing out certain plans for reuni-fication." Under present circumstances, he said, "the existence of two German states is a question of stability and peace in Europe."

In a intriguing glimpse of possible new East German perspectives on reunification, Mr Krenz indicated that, at some stage in the future, German unity could become feasible. East and West Germany could eventually move towards a form of confederation if Nato and the Warsaw Pact were to dissolve in coming years.

He said: "The question of reunification at the moment is not on the agenda because it would totally change the power relationships in Europe ... But, concerning the building of a European house, I say we will have to wait and see how the German

Question develops."

Mr Krenz put the blame firmly for East Germany's economic crisis on "deformations" caused by adherence to the "administrative system" inherited from the "Stalinist

past." He added: "We are ready to take advice about making our state more effective and attractive. But we are not ready to be dictated to with conditions from any other country – especially the Federal Repub-

Mr Krenz, previously in charge of security in the Polit-buro, hailed as "fantastic" the protest groups which have taken to the streets in East Germany this autumn to call for reforms.

He welcomed the lack of violence since the security forces stopped their brutal suppression of demonstrations early last month. However, he warned: "We have to see that every big demonstration, however peacefully planned, has

Devaluation by another name

The UK equity market has given up worrying about ster-ling and the economy's obvious economic problems for the moment. It is once again being dragged higher by Wall Street and by a rather beguiling belief that the Government will let sterling slide ever lower rather than risk the political damage of another emergency rise in base rates. This is the only way to rationalise the 140-point rally in the FT-SE over the last month. But it would be surprising if the market's robustness was not tested severely in the

The immediate problem remains sterling, rather than the health of the corporate secthe health of the corporate sector. The pound's effective exchange rate has dropped by close to 12 per cent over the last 10 months, and the credibility of the Government's anti-inflationary policy has fallen even further. The UK balance of payments is on the mend, but inflationary pres-sures are increasing. A falling pound is contributing to strong export growth, but import prices are rising rapidly; and the unhealthily high level of wage settlements is a reminder of what happens when corpora-tions are no longer subject to tions are no longer subject to the discipline of a firm

exchange rate.

Admittedly, the pound's problems have been worsened by domestic political uncerby domestic political uncertainties and a very strong D-Mark. If the West Germans do not tighten their monetary policy and the US continues to lower its interest rates, it could all end happily. But if the pound is allowed to fall again next week by as much as it did this week, it will have breached its all-time low against the D-Mark. This is not the sort of signal to inspire the confidence of foreign investors in sterling, which is something the equity markets can ignore only at their peril.

Local radio

It is hard to see why Capital Radio's shares have dropped a full 11 per cent to 903p since it reported on Thursday annual pre-tax profits up nearly two-thirds. But this exaggerated drop has the merit of drawing drop has the merit of drawing attention once again to a sector where there still looks to be a great deal to play for, in spite of its remarkable re-rating in the last two years. It is unlikely that the drop in

Capital's shares simply reflected the market's general disaffection with small companies. At £147m of market capi-talisation, Capital is not small any more. It sounds rather as if FT index rose 0.8 to 1,754,9

egainst the D-Mark (DM per £)

worries over advertising revenue trends were to blame, accounting too for the 8 per cent drop in Radio City's stock this week.

1986 87 88 89

Oddly enough, though, the advertising revenue outlook does not seem so grim. Revenue growth has certainly slowed a great deal from the sector-wide compound annual rate of 25 per cent seen in 1987-88, to about 9 per cent currently at Capital, and presumably rather less at smaller sta-tions. But this rate of growth is still a lot better than the fig-ures TV companies can expect; and some of local radio's fun-damental characteristics remain attractive.

With advertising revenues at about £127m, compared with £1.5bn for local newspapers and magazines, radio stations still have a lot of scope for expanding market share. Per-haps equally important are the signs of relatively prudent It is striking that out of nine

local radio companies surveyed in a recent broker's circular, only three had net balance sheet gearing of more than 20 per cent.

EC mergers

There is a perceptible air of satisfaction in UK Government over the way EC takeover policy is developing. A massive UK-inspired report by Coopers & Lybrand on barriers to takeover in the EC has proved conclusive enough to prod the Commission into suggestions Commission into suggestions question of which deals are the business of national govern-ments and which of Brussels, it seems possible that the mergers directive settling all that can be agreed by Christmas.

The UK position on reciprocity has been subtly refined since Lord Young's breezily libertarian approach to the Rown-tree takeover. The line then was that economies which denied themselves the competi-tive benefits of takeovers dam-aged only themselves. The worry now is that as industries in the EC consolidate ahead of 1992, UK companies will be more victim than predator.

In terms of hostile takeovers, this is partly inevitable: the market value of quoted companies in the UK is nearly half the EC total. But the imbaltications in the UK is nearly half the EC total. But the imbaltication of the terms of the t ance also results from the noto-rious differences in status between shareholders and management in the UK and on the Continent. It now looks as if the Continental members are going to have to move closer to Anglo-Saxon notions of shareholder power. If so, the invest-ment banks which specialise in mergers and acquisitions will

have a new lease of life.
It would not do to exaggerate It would not do to exaggerate this. Hostile bids across EC borders are still rare; the only big UK company to succumb last year was Peachey Property. Coopers & Lybrand suggest that in takeovers below £200m or so, the balance actually runs in favour of UK acquirers. Nor is it quite clear why, if the UK approach to mergers is the model to which the rest of the Community now mergers is the model to which the rest of the Community now aspires, UK industry has underperformed so badly. But at least, if the rules are the same across the EC, the UK will have one less excuse for that.

Barclays Bank

The steady retreat of British banks from North America continues apace, and it is not a

pretty sight.
Yesterday, Barclays agreed to sell its consumer finance and instalment credit business to a more entrepreneurial-minded local institution. It is the latest sign that UK banks are abandoning their grand ambitions to become major players in the world's biggest banking market and retrench-

ing.

Barclays has tried long and hard to make a success of this business, but has finally decided that it is no longer

worth the effort.

It is a sensible decision for a bank which believes it is one of does raise the question of why British banks ever felt they had to spend billions of dollars to establish themselves in the US. The cost to shareholders has been substantial; and if shareholders want to invest in a US bank they have plenty to

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SECTION II

Weekend November 25/November 26, 1989

AMERICA'S WAR against cocaine and the martial rhetoric that goes with it are designed to reassure the public. But it implies a campaign of law enforcement so severe and expensive that free-market economists are arguing for the unthink-able – the legalisation of the production, sale and consumption of hard drugs. The political crisis in Colombia and the "crack" crisis in America's inner cities have between them made the legalisation argument, if not popular, at least respect-

Opponents call it the "surrender option." As things stand, however, legalisation has one total flaw no government or political party in its right mind would dare advocate it. Even if they did, it would require all countries to act in con-

would require all countries to act in con-cert. But supposing legalisation were to become morally acceptable and therefore politically possible, is it the right answer? The best place to ask the question is Amsterdam, the Venice of the north, for-mer drug capital of Europe, the mecca of hippies, their militant successors the Pro-vos and youth cultures of all shades.

N AMSTERDAM, there is a discreet MAMSTERDAM, there is a discreet difference between a café and a coffee shop, often indicated by the name over the door. The coffee shop usually flaunts a suggestive English name like "Grasshopper," "Paradise" or "High Society." Taped above the bar are packets of cigarette papers. There are Rastafarian posters around the walls, a pair of young immigrants playing table football, more customers lowering in the charm more customers lounging at the cheap tables and an all-pervading, acrid haze of marijuana smoke.

marijuana smoke.

The barman, probably from Surinam or the Moluccas, dispenses coffee and half pints of lager. On request, he fetches out a scrawled cardboard menu: for 25 guilders (about £7.50) you can choose between 10 types of the weed in packets of 1.4 to 2.8 grams, according to quality. So long as he does not serve subtic or hard drugs does does not serve spirits or hard drugs, does not sell cannabis in large quantities, does not advertise and turns away minors, the coffee shop-owner is pretty safe from pros-

The theory behind this official permissiveness is that by separating the markets in soft and hard drugs, the youthful dab-bler is not led from the former to the latter. He is kept away from the criminal element. "Changing your state of mind is part of adolescence," says Dr Jan Walburg, director of the Jellinekcentrum, Amsterdam's leading clinic for drug addicts. "You want to get drunk and try drugs. So you go to the coffee shop and experience hashish, laugh about it with your friends and that's it. You don't need to go to dealers who are offering cocaine and her-oin." Walburg says legalisation is a "sim-ple solution, like jail. There is always a cry for that."

In space of the coffee shops, cannabis smoking in Holland has shown no increase since the early Seventies. For example, a school survey at the end of 1988 suggests the number of 10- to 18-year-olds who smoke it regularly is under 2 per cent; the number who have tried it at some time or another is about 6 per cent. The figures for smokers of all ages are predictably higher in Amsterdam (5.5 per cent regulars and

ently also are stable.

Coach parties of rubber-neckers meander around Amsterdam's red light district, mesmerised by nearly-naked prostitutes gaudily illuminated in the windows. But their guide steers them away from certain streets, in particular Zeedijk, where the hard drug trade is centred. Despite Zeed-



Should we go Dutch on drugs?

ijk's reputation, the authorities say there is no such thing as a no-go area in Amster-

Opposite the Weesperplein metro sta-Opposite the Weesperplein metro station, two buses have pulled up outside an ugly public building. Like mobile libraries or ice-cream vams, they have just returned to base after their daily run of three stops aniece, each lasting 1% hours. They do not distribute books or ice-cream, however, but the heroin substitute methadone and clean hypodermic needles and syringes in clean hypodermic needles and syringes in exchange for dirty ones.

The most visible part of Amsterdam's cure-or-care system, the buses cope with 700 people a day. Between them, the buses, public clinics and general practitioners see 4,500 of the city's estimated 6,000 heroin

addicts a year.

There is an indefinable but umpleasant smell inside the plain brick clinic where a group of youngish addicts, black and white, waits jumpily for relief. As the door closes, a bearded young man clamours from the street, in German, to be admitted. He is one of the city's bigger problems: a foreign addict driven to Holland by his own country's more repressive policy.

Because of the coffee shops and the methadone buses, Holland bas the international reputation of being soft on drugs, a characterisation denied strengency by

call it, the policy appears to have been remarkably successful in containing the

While Britain and the rest of Europe are living in fear that a plague of the cocaine-cocktail "crack" will spread from the saturated North American market, the Dutch authorities say they have every reason not to expect one. They know their addicts, and how conservative they are, and say "crack" has just not caught on.

Drug control policy is no longer a politi-cal issue in Holland: it did not figure at all in the last general election. There is a broad consensus (punctuated by the occasional protest), and more discussion of incest than there is of drugs. The social democrats in Amsterdam have included in their manifesto for next year's city council election a call for further steps towards legalisation. But Walter Etty, chairman bithe city's drugs co-ordinating committe the ciry's grugs coordinating committee, said this was largely to register his party's distaste for the American idea of a war on drugs. "It's better to legalise the supply if there is demand — but even better to fight the demand," he said.

Occasionally, the public rises up in protest, as at the border town of Arnhemmential. There became drug dealers were

recently. There, known drug dealers were dragged from their houses by enraged residents and beaten up. The incident was blamed on a "failure of communication" between public and police.

The most persuasive fact is that the number of drug addicts is stable and probably falling, while the age profile of the addicts is rising. What is more, the authorities claim to be in regular contact with about three-quarters of the country's

15,000-20,000 drug addicts (in a population of 14.7m). That means that they know more about their own drug problem and how it might develop than probably

any other country.

Considering Holland's reputation, and the fact that it has (in Rotterdam) the largest port in the world and (in Schiphol) one of the busiest international airports,

ut the Dutch have not legalised drugs, not even cannabis, and they feel no pressure to do so. Holland's answer to the drugs problem is contained in the single word "normalisation." It does not mean drug abuse is regarded as anything but deviant behaviour, but says the prob-lem should be dealt with by society in the same considered way as any other prob-lem, without panic and without hyperbole. It recognises that prohibition and criminal penalties, although necessary, can have damaging side-effects — often worse than the drug abuse itself — and therefore tries to mitigate these effects.

It is an unashamedly ambivalent policy that purists would reject as inconsistent. It distinguishes formally between hard drugs (heroin, cocaine, amphetamines) and soft drugs (mainly cannabis). It punishes drug dealers as harshly as any other country, but treats drug users as victims. At the same time, it maintains that all trafficking and possession are illegal. It is morally ambiguous, perhaps. But it seems to work. Because they have been able to keep in touch with their addicts, the Dutch know as much as anyone about the psychology

of addiction and the sub-culture of the junkie. Their policy is the result of a com-promise between public concern and scien-tific uncertainty. For addiction is not an infection and remains something of a mys-tery, according to the experts. It is the result of a collision between substance and individual in which the pharmacological effects are not predictable. It might be Santen, one of the clinic's doctors, said:
"With all my experience, I cannot recognise an addict from the outside. Addicts vary greatly and the junkie stereotype is not common."

not common."

Likewise, experts disagree about the causal link between drugs and crime. The association is certainly very strong more than half of Holland's (small) jail population is the description of Holland's (small) jail population. tion is in for drug-related offences. But does the trade in drugs create crime, or is it the other way round, or both? In Holland, most addicts fund their habit quite legally: only about a third of the addiction in Amsterdam, for example, is fed with the proceeds of crime.

proceeds of crime.

Chief Superintendent Leo Zaal, the 33year-old head of the Amsterdam drug
squad, agreed that prohibition attracted
organised crime but said the organised
crime would not disappear if prohibition
were lifted. It would just go somewhere
else. "In fact I'm not interested in drugs at all. I'm interested in criminal activities money laundering, blackmail, fraud, theft and murder.'

Again, status and fashion are important factors. Prohibition not only drives prices up, it glamourises the drug and makes it more attractive to the potential addict who

might be weak, dissident, neurotic or merely attention-seeking. For this reason, the Dutch are very careful about the propaganda they direct at children. They will not, for instance, let policemen into schools to talk about drugs in case it sets up an attractive link between rule-break-

ing and drug-taking.

Eddy Engelsman, head of the alcohol, drugs and tobacco branch of the Ministry of Health and a persuasive apologist for the "normalisation" idea, goes so far as to blame politicians and the press for creat-ing the "crack" problem in the US. He thinks legalisation could come one day when it is realised that penal methods do not work. He discusses the problem of hard drugs in the same breath as the problems of drunkenness or pill addiction.
"There are thousands of housewives addicted like zombies and nobody cares," he said. "Alcohol abuse is frightening leok at the statistics — but society doesn't panic; and I am happy about that. But governments must be concerned because of the health costs. We should not be blowing up problems affecting the individual into social problems."

The Dutch claim they have de-glamour-

ised hard drugs. Their present worry is not "crack" but the relatively harmless Ecstasy, an amphetamine derived pep pill Acstasy, an amphetamine derived pep pill aimed at party-going youths to give them a high and make sex seem more enjoyable. It has reached Holland from Britain where it is popular at Acid House parties, successors of the Sixties' pop festivals. Under pressure from the US, the Dutch have promoted Ecstasy to the "A" list of barned with the process the make the supposed from 20 substances. Its price has jumped from 10 or 20 guilders a pill to 40 or 50. Walburg thinks it will be the drug of the Ninetles. Is Ecstasy a problem? Yes, because it is hallucinatory, with effects like alcohol, and attractive to the young. "The problem is precisely that it isn't very dangerous", Walburg says.

As the young turn from hard drogs, perhaps frightened by the heroin wrecks they see left over from the junkie culture of past decades, the average age of Amster-dam's addicts has risen to more than 30. They are still to be found in all classes, says van Santen. Middle-class addicts tend to be people with psychological problems while the poor, often immigrant, addicts are adjusted better mentally but alienated or marginalised socially.

Nevertheless, it is one of Holland's boasts that Dutch addicts are among the most presentable anywhere. They are kept going, outwardly no worse off than the average unamployed person, and ready—
if finally they can find the motivation— to go in for detoxification. "The Dutch junkie knows what he is doing," said Theo Bot, a public prosecutor attached to the Ministry of Justice, "unlike the foreigner who is eating pills and injecting anything he can get his hands on."

It might be said that Holland is a special case. So it is, in the sense that every country is unique to itself. It could be, as some Dutch officials say, that their choice of policy owes more to luck than to skill. Certainly, Holland is a small and manageable country with a tradition of toleration, respect for civil rights and an extensive welfare state, which all help make its drugs policy workable. It has plenty of immigrants, some of whom are now a problem, but not the huge, crime-infested ghettoes of the US. Britain has tended to adopt a double standard, echoing the rhet-oric of the Americans while quietly applying Dutch techniques.

In the end, perhaps no country without Holland's special features can import the Dutch solution successfully. Yet Americans and Europeans alike are looking with growing interest at its successful compro-mise between war and surrender.

The Long View

Seeking order in the market chaos

MY DICTIONARY tells me that "chaos" means a formless void, or a great deep of primordial matter. Is this how we should view the stock market — and

could we ever hope to make some money this way? In the past, analysis of the stock market has been on the basis of linear systems, which depend upon some kind of assumed proportionality. Share prices are reckoned to depend upon certain variables, like earnings or dividends, and to reflect rational behaviour by

Although such methods of analysis have kept the finan-cial boffins going for the best part of 25 years, it is not clear that they have helped anybody to become very rich. Share price movements can be explained in these terms only in retrospect. Future movements cannot be predicted with any significant success. In fact, it has become a wide-spread view that stock markets essentially are random; hence, the classic comparison with the drunken walk, where it is not possible to predict from the previous step just where the next one will go.

Plainly, this is not a very

Plainly, this is not a very satisfactory analysis from the practical investor's point of view, except perhaps for those promoting index-tracking funds. Particular problems have been generated by events such as the Black Monday erach as the Black Monday erach as the Black Monday. crash of October 1987. That gave all the appearances of in the wind and the streams. being a systemic correction Chaos theory was devised to

But conventional theory has not come up with any very convincing explanations. After rumbling away in the professional press for some time, chaos theory emerged

this week into the modest limelight of Barclays de Zoete Wedd Investment Manage-Wedd Investment Management's annual seminar. Unfortunately, the pair of siar academic speakers contributed to the chaos by falling to appear, apparently on the curious ground that they had been treated with disrespect by the Financial Times. As if we would do any such thing, Make no mistake, this is a very serious subject.

So how can chaos help? To begin with, there is suspicion about the apparent random-ness of share price movements. It is actually rather hard to test for complete randomness, and perhaps all is not quite. what it seems. Accordingly, there is a search for models of stock market behaviour which are neither linear nor random but are something in between. They are, in fact, chaotic systems. The differences can be defined in terms of entropy: a static, pre-determined system has an entropy, or E, of zero, but randomness implies infinite entropy. The middle case is a chaotic system which will have positive, but not infinite,

entropy. In nature, chaotic systems are all around us: for instance,



Analytical methods devised to cope with turbulent natural phenomena are now being used to study the wayward behaviour of stock markets

cope with natural phenomena. The eddies and the vortices are not, in detail, predictable, but certain rules of behaviour can be established. There might, say, be rotation around particular centres, and a system might fluctuate between several different states, moving from one to another for no

The natural world might be one thing, but could a study of such transitions prove useful in understanding the behav-iour of the stock market? It depends on whether capital markets can be presumed to exhibit deterministic chaos; that is, there might be a hidden order to be discovered. Possibly, too, markets may show deterministic chaos and random chaos at different times. After all, share prices quite often move in orderly trends for extended periods; but there are periods of violent fluctuation, too, and it is about these than the process any loss.

The starting point of the chaotic interpretation of markets is that their structure is noninear: in other words, each set of assumptions is consistent with several different solutions, not just one as would be the case for a linear system. This multiplicity produces the appearance of randomness, occasially as such systems are especially as such systems are often extremely sensitive to tiny differences in the initial

these that we are most auxious

to be forewarned.

So far, so discouraging, but mathematicians are trying hard to find some windows that will allow them to peer into the chaos within. One of the more promising is fractal analysis, which is a way of looking at the dimensionality of a system. We all know about two dimensions, and about three. But four gets trickier, and 5.29 is worse still. All the

argue that study of this kind of F factor, which reflects the number of different market forces that are at work, can be useful. The lower the F, and the higher the E, the more vol-

atile the market.

An interesting possibility is that it might become possible to assess the psychological factors operating on a market as well as fundamentals such as earnings growth. In a way, this could be seen as a means of putting mathematical flesh on the bare bones of chartism, the theory that patterns in price movements can sometimes be repeated and can, therefore, have predictive value.
Attempts have been made to

explain such patterns in terms of the interplay of forces of mass psychology, wrapped up in the general description of "sontiment." The trouble is, no convincing scientific evide exists that chart analysis is profitable consistently, although the art certainly has many faithful adherents. At any rate, computers in

the US - and to an increasing extent in the UK also - are now crunching their way through mountains of historical price and volume data, with their operators hoping that they can find some order in the chaos. Even if they do not manage to model the mar-ket's madness, at least they may be able to shed new light on its moods. But, so far, there is more determination than determinism.

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bees	XX	Motoring		TV and Padio
rossword	XXVI	Small Buttiness	. VE	Travel
inence & Family		Sport		Wire

CONTENTS flotationXIII-XV stock market

FINANCE & THE FAMILY THIS WEEK

Where next for Tokyo

Investment Japan-style: a Finance & the Family special on long-term prospects for the Tokyo stock market and investment opportunities in Japan. Page III

Maximising your interest

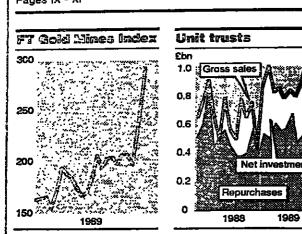
Building societies are no longer necessarily paying the best rates of interest on deposits. If you are willing to tie up your money for longer periods you could get between 11.5 and 12 per cent net. But where do you go for the best deals? John Edwards investigates, Page VI

Minding Your Own Business

Roy Hodson meets an inventor who aims to make life a little easier for the photographic trade and Sally Watts shares a glass with a hard-headed wine-seller. Page VIII

The Water Sale

A special three-page guide to the Government's latest privatisation, including an assessment of all 10 water companies, advice on different investment strategies, including the possibilities of avoiding tax with a PEP, what the brokers say; and an account of the personalities, the battles and political compromises behind the flotation.



Gold shares lifted by buoyant bullion

Gold shares have been faithfully tracking the bullion price, which decisively broke through the \$400 an ounce barrier on Tuesday and carried on up yesterday to around \$417 an ounce, responding to the steep fall by world stock markets in mid-October and to events in Eastern Europe. The FT Gold Mines Index, comprised entirely of South Airican gold shares, extended its recent strong run this week, posting good gains for five consecutive days and ending the week at its highest level this year. Since reaching a year's low point in February the index has

Specialists say that US investors have moved back into cold shares in a big way, causing short-term stock shortages which have in turn given further impetus to rising share prices. The level of demand for gold shares was demonstrated recently as Hanson easily placed the South African gold share portlotio it inherited in taking over Consolidated Gold Fields. But analysts are beginning to preach caution on the sector: "They've had a long run up and they are due a breather," said Jon Bergtheil at BZW. Stephen Thompson

Unit trust figures bring relief

A huge sigh of relief came from the Unit Trust Association when it added up the sales figures for October. Net new investment was still in the black, but only just at £79.3m. of £877.5m — was just covered by unit sales of £956.8m, the third highest this year. The industry had survived the mini-crash, although the value of funds under management fell by £2.6 bn to £53.4 bn.

However, many unit trust managers are still worrled. The individual investor handling his or her own investments is not returning to the unit trust sector in any great numbers. Indeed, in October the number of unitholder accounts turned down again, dropping by 5,000 to a total of 4,867,000. With building society rates at present levels and stock markets volatile, there is little incentive to do so. The main buying interest is coming from institutions, such as life companies and pension funds and investors operating through professional advisers. Eric Short

Templeton plan gets go-ahead

Members of the Time Assurance Friendly Society voted overwhelmingly in favour this week of a plan to be taken over by the Templeton fund management group. At a special general meeting in Oldham over 95 per cent of the 10,000 members who voted backed a resolution proposing that Time Assurance should be converted into a private company called Templeton Life Assurance, which will be wholly owned by Templeton Global Investors. Authority is now to be sought from the Department of Trade and industry for the new company to conduct long-term assurance business and it is hoped to start business under the new set-up during the first half of 1990. John Edwards

indemnity insurance probe

Fimbra (The Financial Intermediaries, Managers and Brokers Regulatory Association) yesterday announced it had agreed to sponsor an independent working party of industry representatives to consider the professional indemnity insurance which Fimbra should hold to protect investors. This follows the collapse of Fimbra's earlier plan that would have forced all its members to join one specified insurance indemnity scheme. Included on the working party is Andrew Paddick, of the Institute of Insurance Brokers, who is leading a campaign for a vote of no confidence in the existing Fimbra chairman and board to be passed at the association's annual meeting on December 13.

LONDON

A crumb of comfort in troubled times

FIRST THOUGHTS, it is said, are often the best. Never has that been more true than for assessments of the London market during the past 12

For, in spite of all the bouts of hype and angst surrounding equities in recent months, it is heginning to look as if a fair number of analysts were remarkably prescient with their end-1989 forecasts when they gazed into their crystal-balls last January.

Then the consensus - in an admittedly wide-ranging set of predictions - seemed to suggest a year-end figure for the FT-SE 100 Share Index of 2,000-2,200. Today, with a month to go, the index stands

A lot, of course, can happen in 24 hours — let alone five weeks. Certainly, there are still pundits who reckon that, given the political and economics uncertainties, Footsie could wave goodbye to 50-100 points

FT-SE 100 Index

British Aerospace

British Gas

Broad Street

Capital Radio

Higgs & Hilli

Monotype Corpn.

ACCORDING TO William

Lefevre, the veteran stock

market analyst at Advest Securities in Hartford, Wall Street has staged a rally every year since World War Two

during the two months after the Thanksgiving holiday.

It may be dangerous to draw conclusions from the thin trad-

ing of the current Thanksgiv-

significant year-end rally may

The market seems to have

unhealthy fads and obsessions

which started to cloud the out-

look in the summer and had

created ominous conditions by late September, just before the

of confidence in the cyclically-

sensitive industrial, computer

and electronics stocks which

were aggressively dumped in the autumn sell-off after their

brief gains last summer. Mean-

while, the over-priced con-sumer stocks, which had levi-

tated all year on the basis of unrealistic profit forecasts and

takeover expectations, seemed to be losing popularity.

Thus, in the 17-point rally which pushed the Dow Jones Industrial Average above the pushelogically important.

psychologically important level of 2650 on Friday last week, the four leading indus-

try groups were industrial conglomerates, computers, heavy machinery and semicon-ductors. The five worst per-

formers were advertising agencies, airlines, consumer service groups, water companies and health care providers.

Obviously, a single day's trading may is hardly significent. But semiconductor man.

cant. But semiconductor man-

ufacturers and mining compa-nies in particular have now

been prominent among daily

gainers for almost two weeks,

suggesting at least a short-term shift in investor

There been signs of a revival

mini-crash on October 13.

already have begun.

week. But it looks as if a

Ferranti

Refuge

UK Paper

Amstrad

in a very short period - which would leave those year-end forecasts looking even more accurate. There are plenty more who see a slow limp to the year-end, with the interest rate picture static and corporate pressures continuing to

But if the general mood is distinctly unseasonal, at least the past five days have heaped relatively few additional worries on investors' plates. Rather, there has been a modicum of comfort for these trou-bled times.

The week, admittedly, started on a weak note, as the hangover from the previous Friday's inflation news continued to hit the pound, bringing knock-on effects for the equity market. Other factors were cited as compounding the downturn: some bearish seiling of Footsie futures, the decline in defence stocks in the wake of the East German develop-ments, and even the thought

MIGHLIGHTS OF THE WEEK

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+712

+10

+612

-100

-712

+99

+40

-26

+45

2222.4

518

211

309

431₂

903

46

404

677

217

331

that challenges might be made for the Tory Party leadership leaving Footsle more than 38 points lower in thin trading. The casual relationships between some of those worries and the overall level of the London equity market looked a trifle tenuous. But perhaps the real message was not one of logic, but psychology; in short,

nervousness persists to a rare

By Tuesday and Wednesday, the subject of concern had shifted to the October trade figures, due out on Thursday morning. For once the market need not have worried: the sta-tistics were both better than the City expected, and gave some mild encouragement to suggestions that Britain will be able to export its way out of the present situation.
The current account deficit

fell to £1.54bm, the third successive monthly reduction, and non-oil export volumes showed a 10 per cent increase in the

1782.8 Trades figures nervousness.

420 Poor outlook for engineers

2412 Possible bid talks.

209 Profits warning.

3712 Slow retail sales/fax machine delay.

Worrles over Ward White.

15612 Expin.& prod, seminar for analysts.

504 Warning on advertising revenue.

Hostile bid from Loveli (Y.J.).

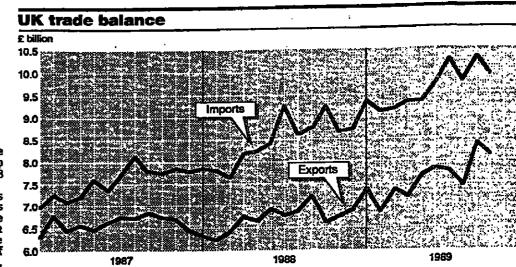
429 Afriena increases stake/bid spec.

179 Agreed bid from Flanish company.

Broker downgrades profits forecas

Sells S.African coal bus.for \$225m.

Defence spending cuts/bid worries.



three months to October, compared with the 8 per cent rise in imports. Tentative progress, indeed. But any absence of bad news can be taken as good

news these days.

Nowhere will those figures be more welcomed than among the hosts of advisers and direc tors involved in the £5.24bn flotation of the ten water companies, shares in which start trading on December 12. Indeed, some cynics might point to the sometimes timely correlation between better-than expected official statistics and large privatisation issues. Be that as it may, the rela

tively stable conditions meant that there were few surprises when the pricing of the water issue was announced on Wednesday. The common issue price for the stocks is 240p, as widely forecast, and the yields available are only a nudge

higher than predicted. But if that was the good news, the depressing fact for traders was that daily dealing volumes remained painfully thin throughout the week, fail-ing to top 400m shares in four of the five trading sessions according to the Stock Exchange's Automated Quota-

tions system. Brokers say this is not an economic level. And, as if it confirms this, yet another firm - Laing & Cruickshank, now owned by Credit Lyonnais - declared that it was pulling out of equity market-making on Friday. Coming on the heels of more extensive cuts by ANZ

McCaughan Dyson, it suggests a grim Christmas for at least some City players.

There were signs of despera-tion around. For two weeks, the tale of an impending Bar-clay brothers bid for Williams Holdings has been hawked around national newspapers, until one finally swallowed the story – with the result that Williams shares jumped sharply on Wednesday morn-ing before denials were duly issued. And, amid a further plunge in its share price, the troubled British & Commonwealth group was obliged to

If retrenchment continues, a long, dreary winter is in prospect

dismiss rumours of a Department of Trade and Industry inquiry – although it did reveal a management reorgani-

Back in the real world, the stream of company results kept coming. There were relatively few unsets among the major stocks reporting: indeed, the likes of Boots, Rothmans, BAA and BAT Industries all reported earnings growth of 15 per cent-plus. Moreover, S.G. Warburg, reaping its £20m-plus fee from the £2bn Isosceles/Gateway bid battle, proved that game perts of the City conthat even parts of the City continue to flourish, with first half profits more than doubled at But it is questionable, given

short-term accounting leeway, how relevant much of current corporate reporting is. The problem, after all, is not what has happened over the past six or 12 months, but what will be announced a year from now. And, amid the seeping unease, there was one significant profit warning last week – from Tarmac. Its housebuilding activities place it at the sharp end of the downturn in consumer spending. Profits this year, said the group, will be down, with the result that analysts sliced forecasts from around £410m-£420m to around £370m.

As for the takeover scene, the usual burst of pre-Christ-mas activity has yet to appear in any significant fashion. True, hostilities broke out on Monday, when the construction group Y.J. Lovell descended on rival Higgs & Hill, and Adia, the Swiss-based group, made an unwelcomed offer for Hestair, also in the employment agency sector. But cash-rich companies and their advisers have repeatedly suggested that the sale prices of corporate assets is only just beginning to fall. Many believe potential acquisitions may be cheaper in a few months.

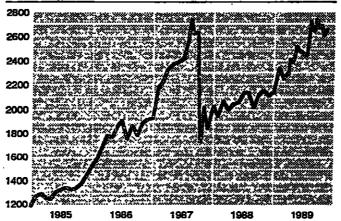
So if both corporate purchasers and investors continue to retrench, a long, dreary winter could be in prospect.

Nikki Tait

WALL STREET

Giving thanks for a rally

Dow Jones Industrial Averages



been quite specific reasons why the semiconductor and mining groups as well as the industrial conglomerates have performed particularly well in the last few days. Conglomerates have taken their one from General Electric, benefiting not only from the massive share repurchase programme announced by GE a week ago but also, indirectly, from the takeover bid for Combustion

Engineering by Europe's
Asea-Brown Boveri.
The ABB takeover focused
attention on what ought to be
excellent long-term prospects for companies like Combustion Engineering, General Electric, Westinghouse and McDermott International, which will have to satisfy the pent-up demand

for US electricity generating capacity in the decade ahead.
The strength of the semicon ductor groups was even easier to account for. The semiconductor stocks, many of which had recently plummetted to lows not seen since the 1982 ssion, were badly oversold. What really set the industry alight, however, was the reve-lation that Texas Instruments, the original inventor of the silicon chip, had won a landmark patent case in Japan. In the ory, the legal victory could force every company in the Japanese electronics industry to pay TI royalties for up to 20 years to come. In practice, the financial ramifications of the case may be much more limited, because TI has already

licensed its technology to most of Japan's top semiconductor

manufacturers.
The biggest effect of the TI case, like the Combustion Engineering takeover, may have been on the perceptions of investors. Wall Street may gradually be waking up to the fact that industry and technology remain America's main hope for keeping up with Japan and Europe.

The rally in mining shares, the jump in the gold price above \$400 and the sharp fall of the dollar below DM1.80 all reflected this most builtish development of all for the development of all for the stock market. The Federal Reserve Board is opting for lower interest rates to boost the flagging US economy, regardless of the higher infla-tion which this will almost certainly imply. For US manufacturing industry, a lower dollar and a somewhat higher inflation rate would provide the ideal policy combination. The cut in the Federal Funds rate on Wednesday was a clear signal that this was the policy mix the central bank had chosen, regardless of all its tough talk about reducing inflation to zero within the next few

This was good news for the stock market in the short term. Eventually, however, the troubling question which pre-cipitated the 1987 and 1989 market crises will still have to be answered: how long can nomic expansion continue before inflation begins to accelerate so alarmingly that the Federal Reserve is forced to abandon its pro-growth bal-ancing act?

2632.04 - 20.62 2639.29 + 7.25 2656.78 + 17.49

Anatole Kaletsky

(JUNIOR MARKETS)

Medirace sets a brisk pace

IT'S A STORY that could form the past year, Medirace has What is more important is the plot of a television drama bought Cambridge Life Sci-that this realisation seems to The starting point would be ences and Walker Laboratories. four scientists working at a London hospital make a breakthrough in understanding cancer and AIDS. It would then skip five years to a time when their research programme risks being stifled by a short-

age of funds. At this point, a couple of Australian financiers enter the scene and take the company onto the stock market. Then it turns acquisitor and, after a certain amount of intrigue, buys a clutch of other research

companies.

This ends in a mega-merger that catapaults its market value to more than £100m. A new pharmaceutical company has been born.
The real-life model for this

drama is Medirace, which this week announced an £87m acquisition of Evans Healthcare, a private medicine and vaccines company. This deal will allow it to leap-frog from the third market to the big

To some investors, Medirace's swift rise has a slight air of unreality about it. They could be put off aspiring medi-cal research companies by memories of the bad old days of the OTC market when purported medical breakthroughs were used to peddle several ill-starred outfits.

Furthermore, the record of hi-tech start-up companies that started out on the junior markets has been abysmal. And the volatility of Medirace's chara price wight share price might suggest a highly speculative investment. Since its flotation at £1 in June 1987, the shares have hit a low of 87p and a high of 240p before reaching their present

127p. In addition, eyebrows were raised when Medirace (rather cheekily) took a 25 per cent stake in another start-up company, ChemEx International, which also is sited in the Cambridge Science Park. A furious ChemEx responded

by sacking the broker, T. C. Coombs, which it shares with Medirace and rebuffing the latter's request for seats on the board. It also pointed out the lack of overlap between its business, which is environmental analysis, and that of Medirace.

David Lees, one of the Australian financiers who steered Medirace onto the market, disagrees and says ChemEx's business has the potential to help Medirace lower overheads and maximise its turnover. Medirace is happy to sit back and wait, although Lees points out that ChemEx is losing money and could eventually

Other acquisitions seem to Paul Betts have gone more smoothly. In tic products.

Its ambitious acquisition of Evans apparently was agreed as the company — the subject of a management buy-out from Glaxo in 1986 — suffered from the level of its interest renavments. Evans makes human vac-

cines and medicines such as Mycil, Dequacaine and Nylax. The acquisition will alter dra-matically the shape of Medirace's business and will help to finance its research activities by generating cash.

Meanwhile, Medirace is con-tinuing with its research into its Contracan treatment, which is intended to correct fatty acid abnormalities in cell membranes and so reduce the rate of cell division of patients with AIDS and cancer. Reports on clinical trials

with cancer patients suggest that a significant number had no progression in the size of their tumours and, further, that there was a (largely unex-plained) reduction of pain. plained) reduction of pain.

The company hopes to get a clinical trial exemption certificate early next year. At that point, Medirace could enter talks about licensing the product to larger companies for uct to larger companies for sale and marketing.

With Medirace moving to a full listing, another medical research company has emerged to fill its place on the third market. This is Biocure Holdings, which this week announced it was raising £2m in a placing on the third

This company was formed in 1984 to exploit the finding that certain enzymes influence tissue growth. It reckons that this work could be used on conditions ranging from tendon inju-ries in horses to arthritis, scar-

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٠.

ring and cancer.
Biocure believes that an early source of income will be from a cosmetic preparation to treat broken nails and promote nail growth. As a result, the company says it is confident it can generate significant income in the coming year. Aspiring investors should however, note the extensive

and wide-ranging risks mentioned by the company. These include problems in identifying the compounds being investigated, rival

research being carried out, and disappointing results from clinical trials.

It all goes to show that no one should put money in a hi-tech start-up unless they are prepared for the possibility that their entire investment might disappear down the laboratory sink.

Vanessa Houlder

psychology. There have, in addition. Airports and water a tonic mix for granny

WHEN, in pre-regulation days, telephones worked, AT&T - or 'Ma Bell" as it was then popularly known - was the ulti-mate "granny stock." This week the UK has provided grannies, and widows and orphans for that matter, with two alternatives; water and air-

The generous yields on the shares of the 10 UK water companies to be floated next month, coupled with the well-defined regulatory regime for these privatised utilities. have turned them into what analysts like to describe as good defensive stocks" - at least for shareholders, if not

necessarily for consumers. Airports, especially those congested ones in the London area, have also provided consumers with increasing grounds for discontent. But when air travellers are delayed they tend to while away the time spending money at air-port shops and bars; and that cannot be bad for business. BAA, the former British Airports Authority, added some gloss to its stock this week by announcing a 17.7 per cent increase in first-half pre-tax profits from £158m to £186m and, more significantly, a 28.6 per cent increase in its interim dividend, signalling its confidence in the future.

Like water, airports have traditionally been regarded as boring by the City - another reassuring sign for the longterm, cautious, small investor. But, unlike water, they have never slotted readily into a specific stock category. Some regard airports as travel or transport stocks; others as

property assets; and an increasing majority as utilities. Despite this problem of identity, City analysts broadly agree that airports are more attractive than water as far as utilities go. Rupert Darwell, of Swiss Bank Corporation, says:
"Both have high-quality earnings, both are capital intensive and both are long life assets. But airports are in a growth

Ian Wild, of Barclays de Zoete Wedd (BZW), says: "The difference is that you are talking of a growth rate of 1 to 2 per cent a year for water and. according to IATA (the International Air Transport Associ-ation), of 7 per cent growth for airline passenger traffic." Even with BAA's more conservative

very good fundamental value," Darwell says. Jennie Younger, another BZW analyst, adds that BAA is in a strong defensive position because the company is hedged against any UK economic downturn in view of the intertraffic forecasts of yearly pas-senger traffic growth of tion, and Younger believes that

national nature of the airline business. Moreover, unlike air-

'Both have high-quality earnings, both are capital intensive and both are long life assets.' between 2.7 and 4.3 per cent at its seven airports, this implies

between now and 2005. Unlike the feast-and-famine airline industry, airports are not affected by drops in an individual airline's passenger load factor since overall passenger volumes are set to advance above GDP growth, "BAA is locked into a growth market and that's what gives it

a doubling of passenger traffic

carlier speculation that the Monopolies and Mergers Commission wouldintervene in BAA was totally unfounded.

The UK Government appears to have given further assur-ance that it does not intend to split up BAA by confirming it has no plans to abandon its special share in the company, which protects the airport group from hostile takeover. The indefinite "golden share," coupled with a 15 per cent limit on individual shareholdings, seems to put on ice, for the time being at least, any scope for a bid even though Michael Ashcroft's ADT electronic security and car auction group has accumulated a 6.1 per cent stake in the company. There are, however, some

uncertainties on the horizon. The biggest is the "Stansted effect" which is likely to depress profit growth in 1991-92 because of the cost of building a £390m terminal at Stansted The company will face an

even more onerous investment before the turn of the century with the construction of another new terminal, either at Heathrow or Stansted, likely to cost as much as £1bn, But, as Sir Norman Payne, BAA's chairman, said last week, BAA is a long-term business with long-term investments.

In part to offset the impact of these heavy investment costs, BAA is expanding its property and hotel businesses,

which are expected to make growing contributions to over-all profits. But Sir Norman emphasises that airports remain the core activity, accounting for 90 per cent of the group's turnover. An eventual government

decision on the controversial issue of Scottish Lowlands airports, giving Glasgow the go-ahead to operate scheduled transatlantic flights, is likely to provide a further fillip for BAA. But, in the longer term. it is expected to look overseas for future major airport growth opportunities. Sir Norman makes no secret that he is eyeing with growing interest the US, the Western world's biggest airline market. In the meantime, he still has

to find a new chief executive for BAA; Sir Norman expects to fill the post early next year. But perhaps the most interesting question of all is who will eventually succeed the veteran head of BAA as chairman.

FINANCE & THE FAMILY

Spoilt for choice in unit trusts

THE PRIVATE investor who wants to place his money in a Japanese unit trust is spoilt for choice with 70 or so funds to choose from In fact, the field can be narrowed considerably: only a handful of managers' names stand out as consistentily strong performers — Schroder, Kleinwort Benson, GT and Fidelity (for its Special Situations fund), as the accom-panying table of those groups with funds over \$25 m shows with funds over £25m shows. Schroder's stable of Japane funds has shown a strong performance over several years. The group's own unit trusts are Schroder Japanese Smaller Companies and Schroder Tokyo, which are both man-

aged from its Tokyo office. It also runs NM's Japan Smaller Companies unit trust in tandem with its own, and, until September, Schroder managed NM's Tokyo fund,

From May to September, the strongest burst in performance came from the smaller compa-nies and special situations part of the market, giving a boost to those unit trusts which concentrate on these areas.

"The second section has done better than the first in 1989," says Andrew Rose, who works with Schroder's Japa-nese fund management team. This year has been a good one for Japanese unit trusts — all the main unit trusts have beaten the index, apart from the tracker funds."

The handful of tracker funds (from Morgan Grenfell, James Capel and Royal Life) have only been in existence for a short period and have turned

This year Schroder has been underweight in the financial sector of the market.

The Schroder Tokyo fund is currently very heavily weighted in the retail sector, as well as investing in the con-struction sector and trading companies (which had under-performed). Its Smaller Compa-nies fund has concentrated on the retail sector and software companies which have shown high growth.

inwort Benson attributes its strong performance recently to the fact that it has a low weighting in the financial sec-tor and more emphasis on

(those with a market capitalisation of about £1bn) in its mainline fund (KB Japan).

"We've steered clear of financials because inflationary pressures dictated that interest rates would go up," says Sar-eth Nainby-Luxmoore, of KB's Far East fund management

Peter Pleydell-Bouverie, who manages Fidelity's Japan Spe-cial Situation's trust, has recently taken on the management of the group's Japan fund (which has not performed well over the past five years and was clearly in need of a shake-up).

He says that 1988 was a diffi-cult year to beat the index: "The large capitalisation liquidity drives the market, and for a large slice of last year a lot of the action came from steels and shipbuilding, so unless you had concentrated been hard to beat the index. As a result, any balanced portfolio

Abbey Japan Trust Allied Dunbar Japan Barciays Unicorn Jap & Gen Baring Japan Growth Baring Japan Sunrise

EFM Tokyo Fidelity Japan Fidelity Japan Sp Sits

Framlington Jap & Gen Gartmore Japan GT Japan & Gen

Henderson Japan Henderson Japan Spec. Sits.

Kleinwort Ben Japan Special Kleinwort Ben Japan

MIM Britannia Jpan Sm Co's NM Japanese Smilr Cos NM Schroder Tokyo

Schroder Japanese Smilr Cos

Schroder Tokyo Scottish Equitable Japan Scottish Mutual Japanese

Wardley Japan Averages/Total Funds FTA World Index Japan £

Mercury Japan Midland Japan Growth MIM Britannia Japan Perl

lagged behind."
Pleydell-Bouverie says he aims to keep the funds fully invested. "The Special Situations fund has done well because a lot of smaller compa-nies which were out of favour last year came back into force

> ularly well."
>
> The Special Situations fund is the largest Japanese unit trust with over £200m under management and is "more aggressively managed" than aggressively manager than Fidelity's Japan trust. James Dawnay, chairman of Mercury Fund Managers, describes Mercury Japan fund's performance as "bad." Mercury mirrors the index and colorts come stocks; it is not an

> > £48.5 £27.5

this year, and some exciting high-tech companies did partic-

PERFORMANCE OF JAPANESE UNIT TRUSTS

1,300 (24) 1,531 (30) 1,609 (37) 1,206 (47) 1,488 (39) 1,473 (44) 1,125 (51) 1,430 (43) 1,836 (36) 1,296 (28) 1,570 (25) 1,784 (22) 1,280 (33) 1,456 (41) 1,939 (14)

1.532 (7) - (-) - (-) - (-) - (1) -

1.835 (10) 1.906 (16) 3.080 (13)

1.562 (28) 1.345 (55) 2.423 (29) 1.760 (12) 1.855 (18) 2.936 (14) 1.416 (47) 1.379 (52) 2.806 (18) 1.335 (57) 1.346 (54) 2.633 (21)

1.472 (10) 1.979 (5) 2.118 (8) 3,909 (5) (1) 1.564 (5) 2.067 (2) 2.060 (10) 3,603 (7) (1) 1.098 (64) 1.153 (60) 1.151 (58) 2,369 (32) (1) 1.298 (25) 1.493 (37) 1.460 (45) 2.578 (24) 12,169 (2) 1.244 (37) 1,746 (14) 1,753 (25) 3,191 (11) 13,938 (1)

2.130 (1) 2.386 (2) 2.859 (17) 2.033 (3) 2.243 (4) 4,938 (1) 1.826 (11) 2.166 (7) 3,964 (4) 1.403 (51) 1.451 (46) 2.603 (23) 1.557 (27) 1.725 (28) 2.387 (31)

1.986 (4) 2.191 (5) 4.823 (2) 1.840 (9) 2.181 (6) 3.992 (3) 1.509 (32) 1.520 (42) - (-) 1.406 (49) - (-) - (-)
1.596 (24) 1.908 (15) - (-)

1.500 (23) 1.901 (17) 3.584 (8) - () 1.581 (60) 1.733 (58) 2.953 (37) 11.278 (8) 1.522 (-) - (-) - () () 1.442 () 1.913 () 3.130 () 5.997 ()

colorte come stocks: it is not an index fund but is caught in the same way. In the last 12 months Tokyo has been an active stock-picker's market". In future, the Mercury fund will be more actively managed rather than being a passive e sectors it would have



in keeping with the Japanese flavour to Weekend FT this week, our Tokyo office looks at the long-term prospects for the Tokyo stock market, while our Finance and the Family staff reviews what UK fund managers think about investment opportunities in Japan

April, Mercury Japan fund had a Japanese manager, but since then Mercury has appointed a new fund manager. "It needed a new broom – we don't change fund managers unless we have to," Dawnay says. It will be interesting to see if Mercury's performance perks up. Obviously, fund perfor-mance can fluctuate wildly: in fact, MIM Britannia's Japan Performance fund was the top performing fund over 10 years

cout of eight funds), yet over one year it only ranked 37th out of 64 funds.

Finally, big is not always best: the funds listed in the table are the larger ones, with more than £25m under management. Among the smaller agement. Among the smaller funds,Dunedin Japan Smaller Companies was the top per-former over one year, while EPM Smaller Japanese Compa-nies and Perpetual Japanese Growth have also good track

1,609 (37) 2,101 (38) 1,473 (44) 2,636 (20) 1,636 (36) 2,631 (22) 1,784 (22) - (-)

Sara Webb

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INVE	STING	in	the	Toky	70
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A British investor who bought a bundle of shares of leading Japanese companies on January 1 1980 would now be sitting on a profit of 456 per cent in terms of yen and 1,089 per cent in sterling terms. The question at the end of the 1980s is whether the next

decade can bring anything like

the same returns.

Opinion among analysts in Tokyo is divided. Even the bulls are loathe to predict results quite as good as the 1980s – they suggest looking to developing countries for a repeat performance, although the risks in such markets can be as spectacular as the rewards. But there is solid support for the argument that Tokyo may continue to out-per-form New York and London. Nomura Securities, the

world's largest stockbroker, has been bold enough to put its name to specific numbers. It says that, by the end of 1995, the Nikkei Index of leading shares should reach at least 63,700 and could hit 81,700.

These predicted figures seem colossal in relation to yester-day's closing price of 36,484. A forecast in the middle of Nomura's range implies an average annual rate of ascent of 15 per cent, which is high for blue-chip investments in any country. However, it is less than the Nikkei's rate of increase for the three years to 1968, when the Nikkei index soared by an average of 33 per cent. Even this year, when Tokyo has been dull in comparison with other markets, the Nikkei has managed to climb 17 per cent – and there is still a month to go. Nomura's starting point is a

solid economic forecast which predicts that the Japanese economy should grow by 4 per cent a year in 1990-95 after averaging 4.2 per cent in the

The driving force in the economy will be domestic demand - not exports, which will continue to grow but not as fast as imports, in line with the Japanese Government's Opinion is divided on market prospects in the 1990s

Same again for Tokyo?



The Tokyo market: Crush for shares and rush for profits

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plans to ease trade tension These are hardly outrageously optimistic assertions. Nevertheless, the cumulative effect will be to push the average disposable income from Y6.2m (£27,700) last year to Y8.3m (£37,000) and average personal financial assets from Y6.5m to Y10.33m. In other words, there will continue to be plenty of funds available for investment on the stock mar-ket, even though the savings ratio – the proportion of income saved by the average family – is expected to fall lightly from 15.4 per cent to 13.9 per cent.

Japanese companies should be well placed to take advan-tage of this growth. They are bursting with ideas in technology, marketing and production skills. Japanese are becoming increasingly sophisticated buy-ers of consumer goods, creat-ing ever-new opportunities for

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FIDELITY

mance of the Tokyo stock mar-ket in the 1980s has been to point to the huge pool of money available for invest-

At the end of last year, according to the Bank of Japan, private Japanese indi-viduals had just 22 per cent of their financial assets in securities against 29 per cent for Americans. Financial institu-tions are limited to keeping at least 50 per cent of their assets in low-risk investments such as government bonds, but many stay well above the bor-der line. So there is still great scope for Japanese investors to increase their stock market investments.

According to Nomura, from 1982 to 1988 the rise in share prices closely matched large increases in the supply of money and a decline in long-term interest rates. Moreover, the increases in share prices were matched by equal-ly-spectacular leaps in the value of land, particularly in

Tokyo. In other words, when financial conditions were right chiefly when interest rates
were falling - money poured
into equities and land.

It is a mistake to rely too much on this wall-of-money argument, however. When con-ditions are unfavourable, money finds a rapid way of finding alternative homes. This year, long-term interest rates have risen — although not nearly as much as short-term rates — and the speed of money synghth has money supply growth has eased. The yen has weakened. Lo and behold, Japanese investors have been more interested in foreign markets than in Tokyo. The 17 per cent increase in the Nikkei index this year has looked dull in comparison with London and New York.

It seems more than likely that Japanese investors, who are much more outward looking than 10 years ago, will be increasingly keen to invest abroad, so even if they invest more in equities than in the past, more of those equities could be American.

The point is that, even if the Japanese economy continues to grow faster than other countries', and even if Japanese investors have other funds available, they may go else-where. Neither can wholly explain why the Tokyo stock market has been so strong in the 1980s or why it should be

strong in the 1990s. This consideration has lead to the conclusion that perhaps the sudden rise in Japanese asset values - land as well as stocks - in the 1980s is a one-off phenomenon to be followed by more moderate increases in

Andrew Smithers, of Warburg Securities, thinks so. In a special report, entitled "Return to Normality", he claims that Tokyo's exceptional gains in the last decade was due mainly to Japan's shift from being a capital importer to exporter in the early 1980s.

However, capital importers have to offer international investors above average yields in order to compensate them for the risk of investing overseas. Capital exporters can live with lower domestic yields since the risks are reversed.

So Smithers argues that instead of gaining 21.2 per cent a year as in the 1980s, returns in the Japanese equity market in future could be 8 to 11 per cent a year, if interest rates stay at current levels. Stefan

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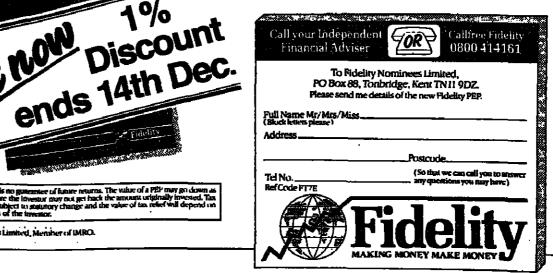
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FINANCE & THE FAMILY

The Week Ahead

Hanson hopes for £1bn

HANSON, the UK's most famous predatory conglomer-ate and owner of Consolidated Gold Fields following a £3.5bn bid last summer, is expected by analysts to top the £1bn pre-tax profits mark for the first time when the group — chaired by Lord Hanson — reports full-year figures on Wednesday. Estimates range around the £1.63bn to £1.65bn level.

However, attention is likely to focus on the Gold Fields assets, with analysts attempting to glean more information about the timetable for further disposals and, given the fluc-tuating gold price, profit

The Hanson disposal machine has already swung into action, with the two asset sales announced this week bringing proceeds from the Gold Fields sales so far to over

The long series of markedly higher results from property companies will continue when MEPC, the second largest of the UK property groups, announces a rise in its net asset value to around 890p a share from 727p. Pre-tax profits could rise 25 per cent from the £104.8m recorded in the year to September 1988. With a wide portfolio and an

extensive development pro-gramme MEPC has been in a good position to benefit from the rise in commercial prop-erty values. Returns might be starting to slip now and property companies shares are on a sharp discount to net asset value but MEPC has the protection of 20 per cent of its portfolio overse

Bass, the UK's biggest brewer, is expected to report full year pre-tax profits of 2580m on Wednesday, boosted by around £90m of property sposals and an extra week's trading, worth some £15m.
After the strong, benchmark
performance set by Whitbread
earlier this week, analysts are looking for a 22 per cent

increase in trading profits. Pubs and brewing are expected to contribute £350m, reflecting the benefits not only of a hot summer but also of heavy advertising.

Allied-Lyons reports interim figures on Tuesday and analysts expect six month pre-tax profits of £260m compared with £229m last time. City interest is likely to focus on the outcome of the group's strategy review for its food division in the light of last week's £208m offer for Dunkin' Donuts, the US coffee and doughnut chain.

A sweet profits improvement of nearly 60 per cent is expected to come from Tate & Lyle, the sweeteners group, when it



Lord Hanson

announces its full-year results on Wednesday.

Pre-tax profit is expected to rise from £120m to about £190m for the 12 months to September 30, fed by acquisitions. The most significant will be the first full-year contribution from Staley Continental, the US corn syrop subsidiary. Other purchases being digested are Amstar, the US cane sugar company, and the increased stake in CST, the European starch and sweeteners concern.

The worry in all this is gear-ing, which is thought to have peaked at more than 200 per cent after the purchase of the part of Redpath, in Canada, that Tate did not own. News of the imminent sale of that subsidiary's automotive parts business would be welcome.

The Royal Bank of Scotland. is due to report its latest full year figures next Thursday. The Royal will have to follow the other clearing banks in making heavy provision for Third World debt and this is

likely to leave its profits unchanged around last year's £309m mark. Half-year results from BPB: Industries due on Thursday should provide further evi-dence of how the sharp fall in UK house building has hit building material companies. Analysts are forecasting pretax profits of between £75 £85m compared with £104.1m this time last year for Europe's higgest plasterboard manufacturer.

The fall in UK residential repair, maintenance and

IT IS A RARE thing for a management group to reduce the initial charge on its unit trusts — but Equitable Life

Assurance has done just that. Last year, Equitable raised its initial charge to 6 per cent

in line with a general market trend. But from Monday of

this week, the charge on all its nine unit trusts, together

with a unit trust PEP and

This reduction has even

trustees' fees. are still paid

out of the manager's charges and not from the funds, as

some groups do. In addition, Equitable is keeping its annual management fee at

0.5 per cent at a time when 1.5 per cent has become the

Ranitable is one of the few

parties. Its business comes from its own direct sales staff

life companies that does not

pay commission to third

more significance because other costs, such as audit and

including overseas-based funds, went back to 5 per cent.

bly been more damaging to plasterboard sales than has the fall in new housebuilding. BPB is also facing its first real com-petition for years in the UK market. Knauf of West Ger-many and Redland of the UK at venture with CSR of Australia will have won market share this year. The difference between half year forecasts for BPB is due to uncertainty over how much redundancy costs may have diminished profits.

Vosper Thorneycroft, the

warship builder, announces interim results on Wednesday with analysts expecting pre-tax profits of about 25m compared with £4.5m last time. The group, which specialises in the construction of minesweepers, has built up its order book to about £500m and contracts stretch well into the future.

Wednesday's results announcement will be watched closely for news of a £250m order for two or three large Corvettes from the Sultanate of Brunei, for which Vosper is competing with Swan Hunter. Slebe, one of the world's largest manufacturers of con-trols equipment, is expected to show a continuation of its steady profits growth in interim results announced on Wednesday. The market is expecting pre-tax figures of about £80m, compared with

267.8m last time.

The group's wide geographical spread, with the bulk of turnover coming from outside the UK, should have provided protection against the slowing UK economy, as should its high replacement content. But analysts will be watching to see the extent of the downturn in demand for controls from customers in the white goods and automobile sectors.

Results from two food retail-ers this week should demonstrate again that this is the most resident area of retailing. Argyll, announcing interims for the six months to end-Sep-tember, has now broken the back of its programme to convert its Presto stores to the Safeway format it acquired in early 1987, and the exceptional costs involved are falling. The shares have been weak lately as analysts have raised doubts over whether the conversion plan is working in Scotland and the north-east of England. The company will hope to quash these rumours on Tues-day, when it is expected to show profits after exceptionals up more than around £112m.

Kwik Save is the other food retailer reporting, with results for the year to end August due

for the year to end August due on Wednesday.

After first half results showed a surprising one-third increase, including volume gains of 12 per cent in its like-for-like stores, analysts are expecting a similarly strong performance in the second half. Forecasts are for pre-tax profits of up to 274m, up from \$55.2m.

who get salaries plus bonuses based on the business they

As a result, its costs for

obtaining business are one of the lowest in the life

A recent review of its

5 per cent initial and 0.5 per

cent annual management

charges.
Shaun Kinnis, the marketing director, is adament that with profit policyholders will not be subsidising unit trust sales, and that the cut in charges

and that the cut in charges will not mean a reduction in

nent resources.

He is confident Equitable

can sustain its good track performance record: the

Equitable cuts

unit charge

RESULTS DUE 7.0 1.85 1.32 Circeprint Holdings Dundee & London Inv.Trust 3.4 2.5 3.2 2.7 3.8 4.75 0.5 1.25 0.80 3.0 6.0 1.5 Kwik Save Group . 2.10 2.50 2.0 Tate and Lyle Young H Holdings . Argyli Group BPB industrie ingsberisin and Hill Caledonies Investment Chemoxy international Chloride Group Group 20 1.05 2.06 1.5 2.54 1.2 7.0 9.575 2.55 2.55 2.75 0.175 1.04

	PRELIMINARY RESULTS							
Company	Year		x profit	Earti per sh		Dividends' per spare (p		
ungle Irish Sk	Sept	3,700	(2,230)	5.65	(3.4)	3.2	(3.2)	
polio Metala	Sept	1,530	(927)	3.90	(2.70)	1.33	(+)	
ilenheim Exhbus.	Aug .	9,600	(4,100) ·	15.2	(9.10)		(5.6)	
ontroi Technos.	Sept	4,420	(2,690)	16.6	(13.0)	3.7	(3.0)	
apital Radio	Sept	15,040	(9,263)	62.1	(37.2)	12.0	_(7.0)	
aspen Oil	July	2,280 L	(3,030 L)		Θ	4-	θ_	
tpiome	Sept	19,500	(19,300)	22.3	(20.7)	8.25	(5.5)	
& C Eurotrusty	Sept	415	(321)	2.6	(2.66)	2.16	(2.0)	
ulcrum inv.Tat	Oct	339	(311)		(41.9)	5.26	(4.4)	
st. Media	April	564 L	(182)		()		() ·	
ondon &Oversees		742	(335)		(0.18)	0.6	()	
loriand	Sept	8,620	(6,190)		(58.6)	.7.1	(6.2	
erborough Plant	June	359	(308)	1.99	(1.73)	1.5	(1.3)	
adio Clyde cesbeugh	Sept	1,950 98,000	(1,520)	20.4	(16.8) (46.5)	7.5 2.0	(5.7)	
cottish kay.Tet	Oct .	13,340	(30,390)	3.7	(3.17)	2.53	(7.6)	
cottish Nata	Sept.	13.530	(11,800) (12,440)		(6.75)	2.6	(2.4)	
hani Group	July	2.510	(2.220)	71.3	(10.4)	24	1.0	
idiaw Group	Sept	7.100	(6.160)	17.4	(14.1)	47	14.25	
tratagent Gross	Aug	1.310	(603)	28.2			(3.0)	
enks Hovis	Sept	176.500	(156,000)		(30.5)	8.92	(7.49	
ubular Exhba.	July	1.020	(1.030)	1.51	(181)	0.5	(0.4)	
Vyncham Group	Sept	1,450	(585)	20.0	(14.7)	4.50	(3.0)	

ANTERIM STATEMENTS					
Company	Half-year to	Pre-las (20	z pro śli 00)	divid	erim lends" lare (p)
Alen Paul	Sept	510	(324)	0.9	(-)
Amber Ind. Holdings	Sept	984	(708)	4.4	(3.75)
BAA	Sept	186,000		4.5	(3.5)
Babcock Int.	Sept	20,000	(18,010)	1.2	(-)
BAT Industries *	Sept	448,000 9,560			(7.6T **
Berdon Group	Sept July	939 L	(8,385)	0.98	(0.82)
Benetica BET	Sant .	144.800	(628 L) (120,200)	40	Θ_{-}
Beduiid Develop.	Sept Sept	129	(120,200)	-4.0	(0.5)
Black Arrow Group	Sept	1.730	(1.885)	1.0	(-)
Boots	Sept	159.900	(132,148)	3.85	(1.0)
Broad Street Group	Sept	1.370	(1,053)	0.6 5	(3.5)
AF Bulgin	July	227	(442)	· -	(0.6) (-)
Cable & Wireless	Sept	241,000	(197.540)	3.1	(2.82)
Calor Group	Sept	8,000	(11,600)	6.0	(6.0)
Chencery	Sept	3,860	(2,902)	3.1	(2.5)
hemical Methods Ast	June	577 L	(1,220)	-	(2. 0)
Aristie Group	June	608	(2.660)	1.4	(1.4)
tty of London PR	Sept .	470	(376)	0.95	(0.75)
Mi. Microsystems	Sept	1.880	(1.490)		(-)
Cosalt	Sept	5,040	(3.170)	8.0	(4.5)
ourteulds	June	85,600	(98,100)	31	(2.9)
dbro	June	2,000	(1.500)	3.0	(3.0)
MAP .	Sept	13,370	(11,235)	1.72	(1.43)
libbon Lyons Group.	Sept	702	(482)	1.9	(1.7)
LGoldberg	Sept	4,580 L	(344)	-	1.45
ovett Americant	Sept	5,580	(4,110)	-	Ä
irampian Television	Aug	1,050	(581)	0.7	(0.60
lartwell .	Aug	5,310	(5,270)	1.0	(1.0)
logg Robinson	Sept	6,600	(9,500)	2.0	(2.0)
MP International . CA: Drilling	Sept	4,500	(3,520)	2.6	(1.5)
Gwill Systems	June	1,570	(1,690)	•	(-)
terston Thompson	Sept	1,130	(729)		(-)
ormans Group	Sept Sept	9,040	(7,690)	1.11	(0.94)
ersonal Assets Tate	Oct	1,960 111	(2,130)	1.1	(1.05)
owell Duffryn	Sept	13.220	(180)		(-)
eadicut înt.	Sept	8.500	(13,520) (6,700)	6.6	(6. <u>0)</u>
ellex investments	Oct		(429)	0.63	(0.57)
exmore	Sept	503	(846)	0.86 0.7	(0.45)
ofherene Int	Copt ·	100 400	(4-10)	y. / .	(0.7)

operating costs for unit trusts has shown a similar pattern. Equitable has found it can still sell unit trusts profitably with 189,100 3,1000 75,300 1,610 3,490 1,770 4,260 9,040 191 909 102,500 1,920 L 2,600 128,500 Micropal survey placed it third of 94 groups over the period September 1987 to September

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COMPANY NEWS SUMMARY

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FINANCE & THE FAMILY

Working 'toys' for the hyper-rich boys

IT CAN BE difficult choosing a Christmas present for the hyper-rich investor who has squandered his money already on a variety of electronic gad-

For someone who wants up-to-the-minute information about his shares, there is a screen service run by the London Stock Exchange called Market Eye. This was launched (some might say inauspi-ciously) soon after the 1987stock market collapse.

You can set up to 220 high/ low mid-prices for any share shown on the service. Then, when the price passes through the specified threshold, an alarm goes off and the share name is highlighted on the screen. You can also programme the pages so they dis-play the latest price movements in your own share

Market Kye is a real-time price information service, showing the mid-prices and best bid and ask prices for more than 2,500 UK shares as well as providing information about which shares have been

suspended.

The gilts service shows prices at the previous day's close as well as present prices. Investors can also call up exchange rates (with the previ-ous close and latest price) and indices such as the FT-SE 100, FT 30, FT 500, FT All-Share, Dow Jones, Nikkei and Hang

Seng.
Market Eye carries prices for
Market Eye carries prices for about 300 international securi-ties which are traded in Lon-don, and shows the best hid and ask prices from the previous day's close together with latest best quotations. Other pages include the 18 best and worst performers of the day, and the exchange is consider-ting expanding the exprise to ing expanding the service to include traded options.

The annual rental and ser-vice charge for a Market Eye terminal is £1,891.50, or you can buy a stand-alone terminal for £1,144.25 (you then have to pay an annual service and information charge of £914.25). Alternatively, if you have your own IBM personal computer, the Stock Exchange can supply a decoder for £736. The annual service and information charge on top of that is £914.25. So far, the exchange has sold

or rented about 2,000 sets to private and professional inves-tors as well as to share-dealing services. And it has just installed Market Eye in the British Airways executive lounges at Heathrow, Glasgow, Edinburgh, Newcastle, Belfast, Manchester, and Birmingham.

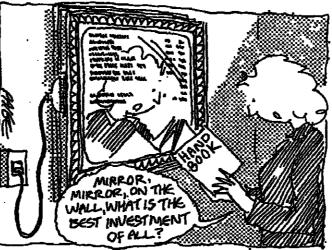
DO you need to track down press clippings quickly and

electronic information service, owned by the Financial Times. You can trace information from a wide variety of sources including the FT, The Econo-mist, Business Week, Mintel Market Research reports, McCarthy Information (which monitors the international press and publishes company fact sheets), Jordans company fact sheets), Jordans company reports, the Asahi News Service, Associated Press, the Dow Jones News Database, The Guardian, The Independent, the Daily and Sunday Telegraphs, The Times and Sunday Times, Today, the Washington Post, Tass and the New Scientist.

You can also call up today's FT from midnight (allowing you to read the paper before you go to bed rather than when you wake up). So, using Profile, customers in the Far East can read the FT on the morning of publication while those in the US can read it the previous evening. Or, if you want to see what the FT has written about a particular company every day, you can arrange for the relevant articles to be sent to your own electronic box each morning. To use Profile, you need an

IBM-compatible personal com-puter, a modem, communica-

tions software and (optional) a



printer. You can search the files in a few seconds using a keyword to trace articles on a particular topic, and then you either print them out at home or have them printed and sent

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High Interest access

the average article displayed, but considerably more if you wanted to call up everything published on, say, eastern Europe in the past month. FOR the real forward-planners, here's a Christmas present that won't be ready until the year 2000: a hogshead of malt whisky. The Aberlour Glenlivet Distillery Company (part of Campbell Distillers, the UK subsidiary of Pernod Ricard) is offering a limited number of hogshead casks for

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5.10 7.20 9.40 9.60 9.90

8.50 9.00 9.50 9.75 9.99 10.51 11.04

7.00 9.00 9.20

6.50 8.50 9.00

11.50 12.00 7.50 7.50

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10.11

Aberlour claims that if you invest in a cask of Aberlour today, "you will have acquired the contents of a hogshead to be specially bottled in time for Hogmanay 1999 (New Year's eve in Scotland). You will then receive 360 bottles of 10-year-old Aberlour to celebrate the

millennium. Aberlour points out that its 10-year-old whisky sells for about £16 a bottle, whereas buying a hogshead now (for consumption 10 years hence) works out at £3.75 a bottle. In fact, this is not really an

investment, because it would be difficult to sell 360 single bottles of mait whisky and the distillers are not likely to be interested in buying it back off you. But it could solve your Christmas present dilemma in the year 2000 if your friends and business contacts add up

The offer is open to syndicates of up to five people (paying £270 each). Duty, shipping and VAT are payable on delivery. And the first 200 people to sign up will receive an individually numbered bottle of 25year-old Aberiour (1964) packed in a wooden casket with a brass lock and key.

Sara Webb

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Wanted: homes for loans

EACH YEAR about 65,000 foreign students arrive in the UK, find a place to live and have a look around campus. Their next move is to find a temporary home for their hard-earned savings or student loans.

However, many say that the seemingly straightforward process of opening a bank account often turns into a frustrating tale of wee. The only reason the British don't complain as loudly is that they're not used to a better system," says Anita Mielew-czyk, 33, a Canadian student at City University in London. "It is a completely antiquated system — and it's run like a private men's club," adds Anita, who said she felt dis-criminated against because she wasn't British. "This busi-

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OR FREE NEWSLETTER

Hargreaves Lansdown et Management Ltd ness of needing references from the UK is ridiculous, especially if you have not lived

Anita says that she was made to feel as though Bar-clays was doing her a favour by letting her open an account. She claims she was never told about student benefits - available to UK students — but was telephoned as soon as she was overdrawn by

Muhammed Umar. 24, a stadent from Pakistan now at City University, claims that Lloyds would not let him open UK references. "Lloyds made it quite simple," he says: no references, no account. "I almost felt they didn't want my money." Luckily, Muhammed had a brother living in London who acted as a referee. In Pakistan, the procedure is sim-ple compared to the UK. You can get a cheque book in one

Most of the "Big Four" banks - Barclays, Lloyds, NatWest and Midlands - go out of their way to portray themselves as caring, personal institutions, eager to satisfy insurance to flexible overdraft arrangements. Competition is fierce for the business of UK students because most will stay on with their favourite

bank after graduating from polytechnic or university. "We're willing to listen to students," claims Robert Jamieson, spokesman for Nat-West, pointing out that Nat-West does not discriminate between foreign and domestic

When asked what the rules on opening a student account were, a Barclays spokesman said that it was basically up to the discretion of each bank manager. He stressed the importance of the personal approach: "Foreign students are treated equally, but they have to prove that they can support themselves." George Terzis, 22, a Greek student at City University, had a taste of the British banking system in his own country. When George asked the Nat-West bank in Thessaloniki to wire funds to a branch in Loudon, he said the manager told him it would be impossible, without offering an explanation. "Even now I can only receive money from Greece by

George spent seven hours at his branch in London trying to sort things out. "The bank told me it was not their problem. The people at NatWest made me feel like I was a little schoolboy being spoken to by a headmaster." Neither did he appreciate waiting four weeks for a cheque book: "I don't want presents or money; I want better service."

Most foreign students thought that once they opened their accounts the rest would be smooth sailing. Elana Shap, 28, a South African student at City University, was told by a Natwest employee that "£2,000 doesn't get you very far" when questioning the length of time it took to receive a cheque card.

"Another thing I found frustrating is that the bank didn't to the length of the lengt

explain things to me. They didn't tell me from day one that when you get your cheque book you still have to wait for your cheque card, and they didn't tell me about student benefits, "says Elana. "The benefits cherild explain when the cherical cardial ca banks should explain why they're being cautious to avoid

sary frustration." student at City University who set up an account at Midland, opened a savings account within a week but was told to wait six months for a cheque book. The bank wanted to see "British banking history"

One only has to look as far

One only has to look as far as the glossy brochures to realise that the banks have students' best interests at heart. They offer cheap insurance, flexible overdrafts, free pens, wallets, personal organisers and cash incentives. However, many foreign students seem to view the whole process of opening a bank account as an exercise in futility. Many of the students ity. Many of the students interviewed felt that banking catch-phrases like flexibility
and personal service meant
absolutely nothing when it
came down to doing business.
As one 24-year-old American
student at City University put
it: "If British banks spent less

time handing out free personal organisers and money and more on simple things like opening current accounts, they'd be on the track to catch ing up with the rest of the Western world."

Jane Kokan

4.08 5.76 7.52 7.68 7.92 500-4,999 5,000-9,999 10,000-49,999 2.000 5,000 10,000 500-9,999 10,000-24,999 25,000 2,000-100,000 100 min. 25-1,000

half yearly half yearly half yearly half yearly half yearly half yearly 9.95 8.45 11.43 9.27 6.88 10.96 8.77 8.61 3pc Treasury 1990 . 3pc Treasury 1992 . "Lloyds Bank.†Halifax 90-day; immediate access for balances over 25,000.4 Special facility for extra £10,000 \$\$curce.*Phillips and Draw, §\$Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross, 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

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FINANCE & THE FAMILY

John Edwards examines the deals available to savers

Maximising your interest

BUILDING SOCIETIES are no longer necessarily paying the highest rates of interest on deposits. In their efforts to keep the cost of mortgages down, the societies have also been forced to keep their investment rates down. As a result, many banks, particu-

larly small ones with no mortgage commitments, are now offering very competitive rates. You still get a lousy deal if you deposit small amounts, say under £500, on which both banks and building societies pay only a miserable 6 to 7 per cent. For larger amounts, however, you can receive between 11.5 to 12 per cent net — if you

are prepared to lock your money away for a specified period.

There are also special opportunities if you are married with a spouse who has little or no income. Many new products coming to the market intend to enable married couples to take advantage of independent taxation from next April. However, you don't have to wait until then to act. In many cases the first payout of income or dividends comes after April 6, so

starting from now.

Under existing regulations, all banks and building societies have to deduct composite rate tax (currently 21.75 per cent) from all interest paid to UK residents, and this tax cannot be reclaimed even by non-tax-

you can earn tax-free interest

payers.

If the deposit exceeds £50,000 and is subject to seven days notice of withdrawal, however, you can be paid interest gross. So if you are rich and trusting enough to transfer £50,000 into an account in your spouse's

name, the interest can be paid gross from April – he/she will be able to deduct personal and other allowances.

That's the easy way. For deposits under £50,000, it is more complicated — since there is a limited range of norisk investments not subject to

nowposite rate tax.

Nevertheless, the choice is growing. Several unit trust groups have introduced managed "cash funds." Unit trust groups have not been particularly interested in "cash" funds so far — even though they have been permitted for some time — because there were not competitive with building society or bank accounts after

deduction of charges.

Independent taxation has changed that. Although tax is deductible on the units at 25 per cent, a tax credit is provided so non-taxpayers can reclaim it and thus receive the

interest gross.

Latest to jump on the bandwaggon are Smith & Williamson, the private banking group, and Stewart Ivory, the Edinburgh based investment house. Both have launched UK-authorised unit (cash) trusts that invest purely in money market deposits with banks and financial institutions.

The S & W Cash Trust has an estimated initial yield of about 14 per cent, after deduction of charges. There will be no initial charge and, therefore, no difference between buying and selling prices for the units. The annual management fee will be held down to 0.5 per cent of the value of the fund. It will distribute income half yearly, with the first payment due on May 1.

INTEREST PAID BY LARGE BANKS OFFSHORE Base Category Jersey 13.62 Offshore 90 day Offshore £1,000 Abbey Nat Gibralta 13.50 21,000 2500 Premium 90 day 12.50 14.90 Offshore plus instant High Int bond 6 mth Channel Is/IoM Offshore £10,000 Midland Bank Channel Is/lold remier saving 30 day 25,000 14.48 MMCA instant \$2,500 Channel Is/low Scotland 15.03 £25.000 Offshore £25,000 NatWest Bank Channel Is/ioM 14.90 14.55 Midland Bank High int bond 6 mth Channel Is/loM

INTEREST PAID	BY LARGEST BANKS	AND BUILDING	SOCIETIES IN	THE UK
Category	Bank/building society	Account name	Min amount	Net CAR 1
les estimate Od 000	Nati & Prov	Instant reserve	2500	9.7
Immediate £1,000	Lloyds Bank	instant savings	€500	9.6
	Barclavs Bank	Prime	£1,000	9.5
	Bank of Scotland	MMCA	€2,500	11.1
000,012 etsibemmi	Royal Bank of Scotland	Premium	210,000	11.0
	Bradford & Bingley	Maximiser bonus	£10,000	10.2
Immediata £25.000	Royal Bank of Scotland	Premium	£25,000	11.1
Intrieciale 225,000	Bank of Scotland	MMCA	£2,500	11.1
	Nati & Prov	Instant reserve	225,000	10.5
3-month £1,000	Alliance & Leic B Soc	Cap choice 3 month	£1,000	10.5
3-month £1,000	Yorkshire B Soc	Platinum Key 60 day	₹500	10.5
	Bristol & West B Soc	No 1 Capital	£500	10.3
3-month £10,000	Birmingham Mid B Soc	Quantum Plus	£2,500 ·	11.5
3-11KHU1 £10,000	NatWest Bank	Crown reserve	210,000	11.1
	Girobank	High Int notice	£10,000	11.0
3-month £25,000	Birmingham Mid B Soc	Quantum Plus	£2,500	11,5
3-MOIWI 223,000	NafWest Bank	Crown reserve	£25,000	11.4
	Yorkshire B Soc	Platinum Key 60 day	£25,000	11.2
	Alliance & Leic	Cap choice 1 year	21.000	11.5
Long period £1,000	Alliance & Leic	Cap choice 6 month	21.000	11.1
	TSB	Fixed term 1 year	21,000	10.5
Long period £10,000	Bradford & Bingley	Max Elite 14 month	£10,000	11.8
	Bristol & West	Vantage bond 1 year	25,000	11.8
	Abbey Nat Bank	Optimum bond 2 year		11.8
Long period £25,000	Bradford & Bingley	Max Elite 14 month	£10,000	11.8
	Bristoi & West	Vantage bond 1 year	€5,000	11.8
	Abbey Nat Bank	Optimum bond 2 year		11.8

Stewart Ivory estimates that at current rates of interest, the return provided by its cash fund will be between 13.8 to 14.5 per cent, depending on the size of the investment.

Interest is, however, only paid annually and there are some hefty charges if you only invest the minimum of £500. There is an initial charge of 5 per cent, which together with stamp duty, means there is spread of 5.5 per cent between the buying and selling price of the units (the bid/offer spread). An annual management charge of 1 per cent is also deducted from the fund.

If you invest larger amounts, however, bonus units are given and the bulk of the initial charge is rebated for sums between 25,000 to £20,000. Deposits over £20,000 would currently yield a return of 14.62 per cent gross; according to David Hume of Stewart

For smaller sums, the Savings Corporation's Harbour Fund is worth looking at. It claims to be the only unit trust that invests only in high-interest building society accounts. The minimum investment is \$500, or £25 a month. By pooling the money together, the Hambros Bank-managed fund can shop around for the highest building society rates available. Its current interest rates are 13.51 per cent gross or 10.13 per cent net, after deducting the annual management charge of 0.5 per cent. There is

no initial charge, so there is no

difference between the buying and selling prices of units.

Interest is accumulated in the units, but investors who want regular income can withdraw the gain the units make each month, subject to a monthly minimum of £25, or withdraw a set sum each month. Standard rate tax is

month. Standard rate tax is deducted at source. However, tax vouchers will be issued annually (first of all on May 18, 1990) so the tax can be reclaimed by non-taxpayers including sponses with low incomes, since the first distribution will not be made until after April 6 next year.

Conversely higher rate taxpayers can use their annual capital gains tax allowance and sell their units before April 6 to save the 15 per cent extra tax liability.

As it is a unit trust, if infla-

As it is a unit trust, if inflation reduces the real value of the original deposit, this is a capital loss to offset against any capital gains.

any capital gains.

To stress it is a no-risk investment, the Savings Corporation do not have to carry the normal warning associated with unit trusts that the value of units can go down as well as up. The value of the capital sum invested cannot go down, aithough the rate of interest may fluctuate.

If you don't want to set

If you don't want to get involved in reclaiming tax, another alternative is to put your money into an offshore bank account in one of the tax havens like Jersey or the Isle of Man. Interest is automati-

cally paid gross, and you are only liable to pay tax when bringing it into the UK. If you are a non-taxpayer that is no problem. Even for taxpayers it

are a non-taxpayer that is no problem. Even for taxpayers it is a way of deferring payment. The downside, of course, is the inherent risk of investing abroad. The Jersey authorities, worried about the island's resources being strained by thousands of UK investors opening up small accounts, have clamped down on the promotion of these accounts in the UK, particularly through Abbey National and the other High Street banks. However, it is not illegal and there is nothing to prevent investors from making the most of the oppor-

tunity.

Cater Allen, a discount house operating in the money markets since 1816, has just extended its range of high-interest accounts with the launch of the Consort deposit account, available in both London and Jersey. It does not have a cheque book facility and requires one month's notice for withdrawals.

The interest rate is reviewed weekly, but is currently 14.25-per cent gross, equivalent to 15.29 per cent on a compounded annual basis since interest is calculated daily and credited monthly. In London, deposits under £50,000 pay 11.15 per cent, after deduction of composite rate tax.

The minimum initial denosit

of composite rate tax.

The minimum initial deposit is £5,000, and no interest will be paid if the cleared balance is below that figure.

OVER THE LAST TEN YEARS OUR PERFORMANCE

FT 25/11

HAS BEEN A LITTLE INCONSISTENT.

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10 -

The return of Midas

THERE HAS been much debate reward with a larger perfort to match the inde

lately as to whether the so-called tracker funds follow accurately the index they are supposed to be tracking. But another way of following an index — and, at the same time, limiting any losses of your original capital — is the Johnson Fry Midas bond.

The company has decided to launch a second issue of the Midas bond while interest rates are high It is a complicated.

launch a second issue of the Midas bond while interest rates are high. It is a complicated product but it could foreshadow the shape of things to come through using derivatives to offer reduced risks for investors who don't have the

resources to play in the main

High interest rates mean it is possible to invest in a fixed-interest security (in this case, a certificate of deposit) and use the interest earned to buy a one-year call option (from stockbrokers James Capel) on the New York or Tokyo stock market indices. That leaves a little hit to spare for a "performance multiplier" which provides an extra boost if the index rises enough to make it worthwhile exercising the option. If the index falls, all you have lost is the premium

used to buy the option.

As an additional sweetener the bond is based offshore (in the Isle of Man) so that the interest on the certificate of deposit is not taxed. To a large extent, this offsets the management charges.

Minimum investment is 25,000 and you have to remain in the bond for a year, although you can decide to lock in any profits made on the option after six or nine months. You can choose to follow either the Standard & Poors 500 index on the New York market, or the Nikkei Stock Average in Tokyo, or

both if you invest £10,000.

With the Midas 100 bond, you are guaranteed to get all your original capital back even if the chosen index falls in value at the end of one year. But the 100 per cent guarantee limits the amount that can be used for investment. So, you can choose the Midas 90 version instead. This guarantees that you get back 90 per cent of your capital and, therefore, have a potentially bigger

Ħ

reward with a larger performance multiplier. There is an initial charge of 5.75 per cent of the amount invested, plus a performance fee of 3 per cent of any profit made in addition to your original investment.

Johnson Fry's Charles Fry

Johnson Fry's Charles Fry Johnson Fry's Charles Fry claims that the returns are superior to those made by most unit trusts, which are unable to match the index, while at the same time limiting a client's potential losses.

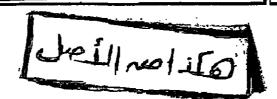
There is a currency risk if the value of sterling rises but this affects only the profit made, not the return of the original capital that is invested in a sterling deposit.

John Edwards

7

NEW TAX LEGISLATION HOW MUCH COULD YOU SAVE?

	
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FINANCE & THE FAMILY

EXPATRIATES

Big banks strengthen overseas services

service for British expatriates but competition is now botting

announced last week, was the-intriguing announcement that Midland Bank and the Hong-kong and Shanghal Bank group are combining forces to provide a package of financial management services for UK expatriates. Hongkong Bank has a near-15 per cent stake in the Midland but this is the first time they have got together in

time they have got together in a banking venture.

The new package, which will be run from Jersey, replaces Midland's current expatriate package and will be offered to existing customers of both banks. It means that expatriates based in Brunel have the option of accessing the service through local Hong Kong Bank branches, whereas those in the United Arab Emirates will be branches, whereas those in the United Arab Emirates will be able to use the local branches of the British Bank of the Middle East, another member of the Hongkong Bank group. The service includes: an expatriate high interest bank

account with money transfer facilities, paying between 9.58 per cent (for balances up to 22,000) and 13.10 per cent (on balances in excess of 250,000) gross at current interest rates; selection of Midland/Wardley offshore unit trusts; a Midland Indigo Visa card or Hongkong Bank credit card or charge card; and fixed term deposits paying money market-compa-rable rates. Other benefits include a 15 per cent discount on health insurance with Private Patients Plan, general insurance cover, mortgages on ITR properties, plus investment UK properties, plus investment and tax advice from Midland's personal financial services

Interestingly, the official blurb from the two banks makes no mention of invest-ment management services from James Capel, the research-strong stockbroking house currently owned by Hongkong Bank but subject to persistent rumours of an impending sale. The Hongkong Bank says that the omission of any reference to Capel's serUK because of the practical reference to Capel's services is due simply to the fact necessity of ensuring you don't neternational, the FT's magathat in many areas where Britfall into inheritance tax traps.

UK high street banks all have highly-developed expatriate packages. Earlier this year Lloyds used the Marbella Money Show as an opportunity to beef-up its expatriate services by launching its Over-seas Club. Main features include a tiered interest-bear-ing account, overdraft facility, mortgage finance and property



management plus advice on investment, tax and pension

An additional service that has just become available offers guidance on choosing schools in the UK. You provide details of the type of school required and the location or special subject, the bank then feeds this into a computer, and the computer comes we with

the computer comes up with an appropriate list of schools. The basis of NatWest's Expa-triate Service is a detailed questionnaire which is designed to elicit sufficient information on which to base advice on savings, investment, insurance and property. Nat-West also places heavy empha-sis on the importance of making a will before you leave the UK because of the practical

ता हुन का उपना तका किए एक अस्ति के लिए के विकास की है। ति के पूर्व के ति के स्थान की निर्माणक के किए किए के किए की की

ish expatriates are located, especially the Middle and Far East, its Wardley fund management subsidiary is more active.
The three other traditional

serving expatriates and other internationally-minded investors in locations such as Jer-sey, Gibraltar, Isle of Man and Grand Cayman. The full range of banking services is on offer together with less obvious add-one such as investment management, offshore company formation and administration of a discretion-

ary trust.
The Jersey-based TSB Channel Islands asks new expairiate clients to complete one of two questionnaires depending on whether they are going abroad to work or to retire. Both forms are designed to draw out a person's financial objectives. Among the services offered by TSB is a two-day-notice deposit account available in several currencies and a tele-phone-linked home banking service called Speedlink, which can be used anywhere in the world to pay bills and transfer

money between accounts.

Bank of Scotland offers to handle an expatriate's foreign and UK income, deal with tax returns and arrange pensions, investments and insurance

investments and insurance from its Jersey office.

Recent developments in the expatriate market by Royal Bank of Scotland include the opening of an office in Gibraltar, jointly with Banco Santander of Spain, to serve the large expatriate community on the Costa del Sol.

Meanwhile, Abbey National — which still seems ambivalent about being described as a bank, which technically it now is — is planning an expansion to its range of products and services to expatriates from its Jersey office, once it gets to grips with its current role as a magnet for wives' savings under the forthcoming independent taxation regime.

pendent taxation regime.

Among other options, ANZ
Grindlays Bank and Standard Chartered are much better known for the services they provide to expatriates than they are among UK residents. Both maintain offices in

Peter Gartland

Tax bill on estate

deceased's estate to the surviv-ing spouse throughout his/her life and, thereafter, are to divide that estate equally

divide that estate equally between the daughter and son. In view of inheritance tax, we have tried to hold the estate equally in the separate names of the spouses; the exception to this rule, however, is in the residence and funds in a bailding society account, which are in the joint names of my wife and myself.

1. When the surviving spouse receives the income

from the deceased's estate, does this in any way affect the exempt portion of inheritance tax?

2. Will the survivor inherit the whole of the residence and the funds in the building socithe funds in the building society? If so, this would appear to defeat the plan to equalise the estates for tax purposes.

In the main, property passing to a surviving spouse under the terms of a will, or under the intestacy rules, is

exempt from inheritance tax. This extends to trusts created under the will, or intestacy, under which the surviving spouse has a life interest. Any such bequest to a surviving spouse does not affect the ini-tial inheritance tax-free allow-

tial inheritance tax-free allowance for other property passing
on death (now £118,000).

Whether the survivor would
inherit the whole of the residence would depend on
whether the property was
owned by you as joint tenants
or as tenants in common. If
joint tenants, then the property would pass automatically to the survivor despite any bequests you may have made to the contrary in your will. If the property was held as tenants in common, then it

would be owned by you in the proportions set out in the title, and it would be open to either spouse to leave that proportion under the terms of his or her will. The method by which the property is owned will be sig-nificant in relation to inheritance tax.
The legal title to the building

MY WIFE and I have separate wills but the provisions are the same; the trustees are to pay the income from the decased spouse's estate which, after the survivor's death, will be divided equally she is still there and, as we

aggregated with the value of the survivor's estate, with inheritance tax calculated on the value of the whole. The tax will be apportioned rateably between the trust and the estate of the survivor after in damages for any loss that allowing for the initial inheri-tance tax-free allowance.

There are steps that can be taken to mitigate the ultimate liability, such as utilising all or part of the inheritance tax-free allowance on the first death. Alternatively, you can make outright gifts or gifts in trust. If you die within three years of making such gifts then these making such gifts then these are added back to your estate and inheritance tax is calculated accordingly; but if you survive the date of the gift by between three and seven years then a reduced amount of tax will be payable. After seven years, the gifts will be totally outside your estate.

Council has erred

FOR TWO years, we employed a lady as a live-in companion for my wife's very elderly mother, who lived in a flat. The companion had the use of a room plus a salary and a housekeeping allowance.

In August, my mother-in-law had an operation and would have needed nursing care for the rest of her days. On hearing this, the companion said she would be unable to cope. Although she was paid weekly, we decided to make her an ex-gratia payment of her wages and a make her an ex-gratia payment of her wages and a housekeeping allowance until the end of September. When my mother-in-law died three weeks after the operation, we tald the companion that she could continue to use her room until the end of September.

The companion then went to the housing department of the local council, it urged her to stay in the flat — even after

between your children.

No inheritance tax will be payable on the death of the first spouse exception; and when the second party dies, the value of the trust fund thereby created will at that time be appropriated with the replication. and wrong in law. You should write and point out that, through the officer who told the housekeeper to stay on, it has been guilty of a conspiracy to induce a breach of contract and that you will hold it liable

> arises.
> You should then (a) seek to persuade the companion to leave straight away and (h) consult a solicitor with a view to obtaining a court order requiring her to leave (based on her heaving hed a service on her having had a service licence which has terminated). A speedy remedy is available under Order 24 of the County Court Rules.

Club rules don't count

I BELONG to a local golf club, which is a limited company. A dispute has arisen as to whether the Companies Act takes precedence over club rules. Social members, who are not permitted to play golf, have been excluded from the annual general meeting but claim they are shareholders in a limited company and entitled to attend and also to vote.

The provisions relating to ■ The provisions relating to company law are statutory and will prevail over any rules or other constitutional structure of the members club. Sharethe members cumb snare-holders would, therefore, be entitled to attend and vote if the shares are not classed as non-voting shares.

Assessing the risks

The legal title to the building society account will pass to the surviving spouse. However, if it can be established that the account was placed in joint names merely for convenience, then the monies in the account may form part of the estate of the provider. It is noted that, on the death of the first spouse, the survivor will it could find accommodation when the society account will pass to the my mother in law died three weeks after the operation, we take the risks of transferring stocks and shares out of my name into nominees? My broker stresses the advantages, including savings on costs and administration, the simplicity of transferring stocks and shares out of my name into nominees? My broker stresses the advantages, including savings on costs and administration, the simplicity of transferring stocks and shares out of my name into nominees? My broker stresses the advantages, including savings on costs and administration, the simplicity of transferring stocks and shares out of my name into nominees? My broker stresses the advantages, including savings on costs and administration, the simplicity of transferring stocks and shares out of my name into nominees? My broker stresses the advantages, including savings on costs and administration, the simplicity of transferring stocks and shares out of my name into nominees? My broker stresses the advantages, including savings on costs and administration, the simplicity of transferring stocks and shares out of my name into nominees? My broker stresses the advantages, including savings on costs and administration, the simplicity of transferring stocks and shares out of my name into nominees? My broker stresses the advantages, including savings on costs and administration, the simplicity of transferring stocks and shares out of my name into out of my n



theoretical risks of broker default and insolvency.
What protection is there against insolvency? Are shares held in nominees part of the assets of the holding firm? If a firm and a client both hold the

same share in nominees, and the firm goes bust after bor-rowing against its stock hold-ing, might the client's share be vulnerable to creditors? Do all possible signatories of a trans-fer form have to be members of the Stock Evenance thereby of the Stock Exchange, thereby allowing access to its compensation fund, if required?

There is justification for the cautious advice you have received, if you want full protection, it can be very unclear how any civen populates active.

how any given nominees actu-ally hold the shares registered in their names and often there are different categories of holdings. It is by no means certain that all nominee holdings are not vulnerable to creditors: not vulnerable to creditors:
there can be considerable difficulty in identifying any particular client's block(s) of shares
clearly enough to claim that
they are impressed with a
trust. If that cannot be established, the shares will be part
of the assets of the holding
firm.

Conflicting advice

I LIVE with my partner in a stable relationship with our child of 12. At the time we bought our house, his ex-wife was still raising difficulties over questions of mainte-nance, so the house was put in my name only to avoid the possibility that she might make a claim. Since then, she has taken a lump sum, ali-mony has ceased and she has agreed to make no further

claims. We would like to regularise the ownership of the house but have received conflicting advice from the Inland Revenue as to the tax implications.

Presumably, if I "give" him
half the house, worth about
£100,060, then one of us would

be liable for capital transfer tax? Neither of us owns any other property and we do not make use of any gift or capital years. Is there any way to make a tax-free transfer?

You can make a gift of half the house as a potentially exempt transfer. If you survive exempt transfer. If you survive the gift by seven years, the transfer is entirely exempt. If not, the value (£50,000) will reduce your nil rate band allowance (which now stands at £118,000), leaving you the balance (£68,000 on present fig-ures) in the nil rate band before inheritance to mould before inheritance tax would become payable.

Service charges

MY FLAT'S service charge is apportioned, like thousands of others in the country, in accor-dance with the rateable value. What will happen with the abolition of rateable values and the introduction of the community charge?

As the relevant proportions will have been ascertained before the abolition of the domestic rate you should have no difficulty in continuing with the existing apportionment. No doubt, new letting schemes will rely on different bases (eg, area).

Fee is not deductible

IN CONNECTION with a

IN CONNECTION with a franchise business, please advise me:

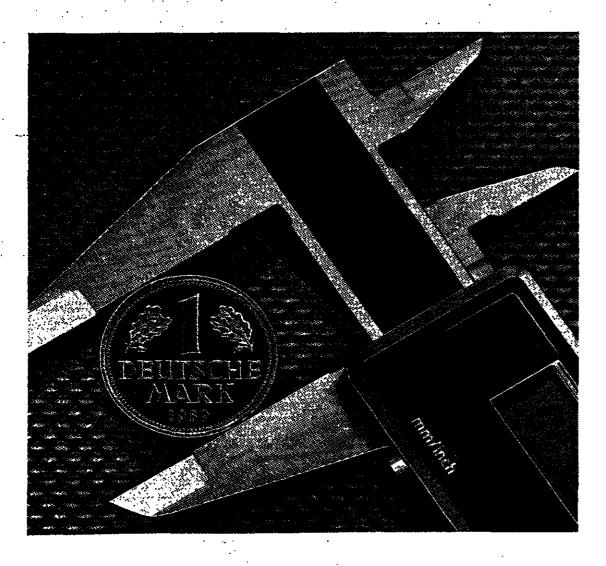
1. (a) Is the initial fee a tax-deductible expense? (b) What is the franchisor's tax position on the receipt of this fee?

2. (a) Is the royalty on sale subject to a deduction of tax at source (like an annual charge)? (b) If so, does it make any difference if the charge is paid or credited? (c) Can the expense be described as a paid or credited? (c) Can the expense be described as a "franchise fee" and escape deduction of tax at source?

If you have not already done so, you should ask your tax inspector for a copy of the free booklet IR28 (1988) — Starting in Business. Before taking up a franchise offer of course you franchise offer, of course, you should seek independent professional help and advice.

Here are brief answers to

your questions:
1. (a) No. (b) It forms part of his taxable trading profits.
2. (a) No. (b & c) These questions do not arise.



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Please note that past performance is no guarantee for the future and the value of units and the income from them can go down as well as up.

Unit trust arm of Deutsche Bank



ent has been issued by DWS, the Appointed Repri

MINDING YOUR OWN BUSINESS

Concession that's not quite what it seems

THE GOVERNMENT'S decision that, from next April, up to 1m small businesses with annual turnovers of less than £10,000 will no longer have to provide detailed accounts, is less generous that you might

suppose.
These businesses will need only to state three items: their total turnover, their total business purchases and expenses, and their resulting net profit. Under the present rules, they have to provide a profit and loss account and, often, a balance sheet as well. Dismiss, however, any idea that you can run such a very small business on the back of an envelope from now on, The Inland Revenue is stressing that, while the reporting system will be cut to a minimum, the owner or partners will remain obliged to keep accurate and up-to-date business records. The taxman will continue to investigate business accounts and records for ALL sizes of business where he has reason to believe profits have been under-stated.

Accountants to whom I have spoken are distinctly underwhelmed by the relaxation. They argue that a turnover of between £60,000 and £100,000 (depending upon the type of business) is really necessary, anyway, before a trading activity can properly be dignified with the title "small business." sary, anyway, before a

At turnover below those levels, a small trading activity is unlikely to be able to provide a full livelihood for even one person. It is more properly a part-time or hobby

Those most likely to benefit from the Inland Revenue concession are those deriving rent from property where the gross income is less than E10,000 a year. But they should still keep careful records of their office and travel expenses, repairs, and other incidental outgoings involved in managing the property.

■ Statement: Simpler Accounts for Small Businesses, available from the Inland Revenue, Somerset House, Strand, London WC2R 1LB.



Roy Hodson on a new tool for photographers

The Image-makers

of the colour in any part of the picture. The result would be a

new transparency or negative incorporating all the changes.

The whole point of his concept (its working name is the Merlin Image Editor) is that it

should be convenient for the photographer to gain access, quick and easy to use, and affordable. Lancaster is pitch-

ing at a highly-competitive

market. Equipment already exists in many forms and price

bands (up to £1m for a single

machine that can edit colour photographs). Crosfield Elec-

Lancaster, however, believes his machine can be sold at less than £50,000 and will beat the competition in markets such as

advertising agencies and news-paper offices by being cheap, light, portable and, above all, usable by untrained people. He also believes it will be installed

in Britain.

INVENTING AND making something is the hardest road towards establishing your own small business, as I commented on this page recently. Since then, a dozen or so inventors have been in touch to tell about gadgets that surely can change the world . . if only someone will give them the millions of pounds of capital they need

Occasionally, however, an inventor does show single-minded determination, coupled with business skill and persuasiveness, to take his bright idea through to the stages of prototype and development.

Glynne Lancaster, 51, is such a man. After working for Ilford, he ran his own photographic film processing business in London.

He has always had an invenhe has always had an inventive turn of mind. But it was only when he got talking to a photographic librarian, Eva Meyeringh, 34, that he realised how much difficulty photographers have when they try to communicate with the people who actually process their work.

Lancaster began to think

in the growing number of fast print photographic shops and will be used by amateurs anxabout a marriage of photo-op-tics and computer power that would enable a photographer to look at a colour picture on a screen and then — without acquiring any special skills in technology or computers — be able to adjust size and shape, plus the density and brightness of the colour in any part of the ious to improve their holiday

The Merlin has been designed in component form so that it can be put together in an office or shop in a couple of days. The Merlin has another function that promises to make it attractive to picture

It can scan photographs and key word descriptions and store them on optical disc, with 1,400 images on a single disc. A library's stock of pic-tures can also be enhanced— skies made bluer, for example to suit clients' needs.

Lancaster brought together the diverse talents of a small team of specialists (who hope to gain their financial rewards eventually through their shares in the invention) and now has the prototype of his Merlin running after four years' hard work in a small workroom in Clarkenwell, London. He is aiming to have a working machine ready for Photokina, the world photographic show in Cologne next

Professor Colin Blakemore,

Sally Watts meets a hard-headed wine-seller

That personal touch

WINE entrepreneurs have a reputation as people who spend their time touring vineyards and sampling the vintages. On the contrary, says Allister Andrew: such enter-Auguster Andrew; such enter-principles just as strict as any other import business.

Andrew, 35, started The Good Wine Company three years ago. He had worked in the wine trade as a

first from his kitchen table.

lecturer in electronics engineering at Plymouth Polytechnic, has written a software programme for Merlin which can be run on micro computers using no more power than those now in common office use. Professor Robert Hunt, a consultant to the City Univerthe wine trade as a school-leaver and later spent six months in European vineyards picking and tending the grapes. More important, he sity, is advising on colour reproduction. Meyeringh and a City publicity professional, Christopher Morgan, are han-dling the marketing. was also trained in chartered accountancy. This, he feit, would help him through the intricacies of the business

Lancaster has worked flatworld.

He and a friend, Melvyn Pilkington — talking, appropriately, over a glass of wine — decided: "It was time to see what running our own business was all about." Pilkington, then group managing director of a building company at Preston, Lancashire, put up the larger part of the £15,000 capital they needed.

Today, he is responsible for collecting debts and the two discuss policy regularly. But out to bring the image editor to the prototype stage. He esti-mates that about £100,000 of capital has been spent so far from a total of £300,000 committed to the project by its plo-

But at least £2m will be needed to put Meriin into full production — a capital require-ment that has persuaded the team it would be better to sell

Waynflete professor of physiology at Oxford University, has concentrated on making the

highly-complicated Merlin process simple to use by unskilled people. His contribution means

the production machine is likely to be operated by simple hand controls, including a

desk-top device called a tracking ball which will make

adjustments on the computer colour screen showing the pic-

Philip Culverhouse, senior

to invention rather than try
to finance an independent
manufacturing company.

Lancaster says: "The image
editor fills so many needs in
such huge market-places that
we cannot sensibly estimate
market penetration."

The trouble with conventhe trouble with conven-tional photographic processing in laboratories, says Lancaster, is that the technician often does not understand the cli-ent's creative or special requirements for the photo-graph being handled. And he tells of the time his own labo-ratory produced 100 colour prints in a hurry for a lecturer at the Great Ormond St Chil-dren's Hospital in London.

them round to his audience, but rang to complain angrily that his big moment had been ruined. The girl in the photo-graph had jaundles, and the point of the picture was to show her peculiar shade of yel-

The laboratory had, with great consideration, given her a healthy pink complexion!

Merlin Image Editor. MMCO, 15 John Adam Street, London WC2N 6LU (tel. now from a warehouse at Chariton, south London.

He spent the first six months

Andrew is a self-taught compiling a wine list. Then, buying mainly from UK mer-chants but also with a small amount purchased direct from France, he started doorstep

selling to potential private cusselling to potential private cus-tomers. It was an energetic approach — but it didn't work. Realising quickly that there was little to be gained by this marketing method, he turned his attention to companies that need to entertain — such as advertising and public rela-tions - as well as to what he terms "people in the people business." He also cultivated restaurants and wine bars and the "off trade" (retailers).

When he got his first order

- for four cases - he was so excited that he forgot to fill his petrol tank. He came down to petrol tank. He came down to earth when his van stopped on Highgate hill in north London. In the first year, the company had a \$50,000 turnover. This year, it is on course for £750,000. But Andrew recalls: "We had a pretty hairy start as we lost half our capital during the start-up period. It was a worrying time." He survived that period on £100 a week, which included the governdiscuss policy regularly. But Andrew runs the business at

which included the govern-

salesman, who learned from experience and from studying a guide to selling by Airsed Tack. Following Tack's principles, each time he fails to make a sale he tries to work out why. "You might think you've produced the best wine list in the world," he says, "but you still need the personal angle—the rapport with the customer and the knack of making your selling relevant. The only way

salesman, who learned from

and the knack of making your seiling relevant. The only way to do it is to get on the 'phone and ask to see them.

"You might have to ring 40 people to get two or three customers. If they say 'no', I sak when they will be reviewing—and try to see them again then."

then."

He has built a list of 250 chents including top London stores such as Selfridges and Fortnum and Mason; Ibis, the French hotel chain; the National Theatre; and the Royal Society of Medicine. He employs a staff of five menloys a staff of five men covering London — and is looking to increase sales in the outer London area bounded by the M25 orbital motorway. He delivers, using his own service; delivers, using his own service; orders from further afield are dispatched by carrier.

The duty of 19.22 a case on table wines can be deferred until after the sale is made,

wide, with 120 different products. Next year, he is thinking of importing a red and a white from North America. Andrew adds that he has

seen a change in people's drinking habits this year, Cus-tomers now prefer "quality to quantity," he feels.

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Andrew goes to France about three times a year and enjoys "doing a lot of detective work" there to meet customers' requirements, both on types and prices of wine.

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thereby easing cash flow.

He says that one of his aims is to educate people about good wine. His own favourite is a mellow claret but his range is

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■ FT writers assess the 10 new water PLCs: Page X

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Water

■ What the brokers say: Page XI

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A SPECIAL 3-PAGE GUIDE TO H2OWNERSHIP

EMPTING ODDS were available a year ago that the flotation of the water industry would be much more likely to dribble into the sand than the privatisation of electricity. Yet the Government has succeeded in bringing the 10 regional water authorities in England and Wales to the brink of privatisation on schedule and rela-

Or so it may appear. In fact, the saga of how the relatively little-known, undervalued and politically naive industry has been cajoled and bullied to flotation has at times had a surreal quality and at other times the characteristics of a poorly-plotted novelette, with heroes and villains changing roles

arbitrarily.

It has certainly been a challenging experience for industry leaders and for Ministers and civil servants, but by concentrating minds wonder-fully it has made the industry more efficient, more aware of its real worth, and more prepared for

A successful sale, subject obviously to the uncertainties of the market in the next few weeks, would be a remarkable achievement. Water, regarded as the arche-typal public service, seemed one of the less likely candidates for the Government to choose in its search for suitable family silver to sell.

The privatisation programme, which has dominated everything else in the industry for the last two years and more, has been kept on stream despite numerous rapids, including unrelenting political opposition, stubbornly hostile public opinion, running battles with the European Commission on water quality, and an invasion of the statutory water companies by French predators.

The privatisation legislation steamrollered through Parliament in the summer was the central plank in a raft of changes over the

Until now the common attitude towards the industry has been 'flush and forget'

last five years that have helped propel a key but alarmingly low pro-file, secretive and fragmented industry on to centre stage.

It was not always so. The water industry has never had the glamour of the railways, oil exploration or the early days of sviation, although the engineering achievements of the Victorian pioneers deserve wide acclaim. In recent times, the common attitude towards the industry has been: "Flush and forget."

Although the modern industry

began in Victorian times it was as early as 1698 that William Yarnold, a leading engineer of his day, sought an Act of Parliament "for better supplying the Town of Newcastle upon Tyne with fresh water. Thus was formed the first of the statutory water companies, and despite all the vicissitudes and reorganisations of the succeeding 300 years some survive and flourish

Historically, the statutory water companies were often the pioneers of water supply in response to the growing industrialisation and urbanisation of the 18th and 19th centuries, and it was a mix of the profit motive as well as the desire to improve public health that fuelled growth.

However, in 1845 the Royal Com-mission on the Health of Towns and Popular Places described water supplies in the UK as so deficient as to be pronounced "bad and frequently inferior in quality." This, together with the deaths of 53,000 people in 1848 through cholera, provided the necessary impetus for the first Pub-lic Health Act. Local health bodies were established with the power to supply water for their areas, pro-vided a private company was not already doing so.

From this point on, water and sewage have been regulated and

So, the Government is going to sell Britain's water industry Not exactly. The Government

is selling the 10 water and sewage businesses of England and Wales, which used to be called water authorities. Water

direct or indirect public involve ment in the industry considered essential.

At the outbreak of the First World War there were around 2,000 water supply undertakers in England and Wales, mostly controlled by local authorities but with a strong representation of private es operating under separate Acts of Parliament It was a confused, fragmented scene, however, and it was only after the Second World War that a more coherent

picture began to emerge.

The 1945 Water Act encouraged the amalgamation of water suppli-

the amalgamation of water suppliers and there were reductions from more than 1,400 suppliers at the end of the war to 950 in 1950, 276 in 1968, and down to 187 immediately prior to the 1973 restructuring, which ranks with privatisation in the scale of the changes to the industry. The milestone of the 1973 Water Act combined the various branches of the industry into 10 regional authorities, with boundaries based geographically on river catchment areas — the so-called integrated river basin management concept.

The concept has, by general consent, worked well, but in addition to giving responsibility to the authorities for all water management matties for all water management mat-ters - including water supply, sewage treatment, pollution control, drainage, flood prevention and fisheries - the legislation added all the other functions of river basin man-agement. In particular, regulatory control combined with the utility activities created combined "gamekeeper" and "poacher" organisations, a tension which has subse-quently produced conflicts of interest which the privatisation legislation has sought to resolve.

The return to government of the
Conservative Party under Margaret
Thatcher in 1979 heralded further ig changes for the industry. Expenditure quickly became subject to more rigorous control through the

capital investment began to rise sig-nificantly by the mid-1980s. In addition, the boards of the authorities were restructured so that they could be managed more professionally. Previously the boards had operated with a large number of representative local authority members, often bringing the total to a cumbersome 60 or

application of External Financing

Limits from 1981-82. And, after years of chronic under-provision,

But for the first six years of the Thatcher Government the privatisation of the water industry was not on the political agenda, and the authorities achieved only limited authorates achieved only imited public recognition as a nationalised industry. Provision of reliable services attracted little notice except in a drought – the authorities had no high street shops like the gas and electricity concerns, and few meter readers. Water supply and sewerage remained the least thought about and most taken for thought about and most taken for granted of utilities.

Then, in February 1985, came the event that triggered the whole vatisation process. Roy Watts, chairman of Thames Water, and his board objected strongly to the repayment to the Treasury of an extra £40m in loans and a consequent increase in domestic charges of 10 per cent to cover it. He insisted, to the fury of Ministers, that his authority – the largest and most powerful of the 10 – would not implement the repayment unless it was approved on the floor of the House of Commons.

Although the Government won the division handsomely, 19 Conservative MPs, mostly from the Tory heartland of the Thames Valley, voted against the whips and in favour of the Watts objections, and a further 28 abstained. But, more significantly and totally out of the blue, Ian Gow, now Conservative MP for Eastbourne and then the Environment

Minister with responsibility for the industry, said that the Government was examining the "possibility of a measure of privatisation in the

It seemed an unlikely prospect,



Privatisation: a bridge over troubled water

Richard Evans reveals the private battles behind the Government's most controversial flotation yet

but after the debate Thames volun-teered publicly to be the first authority to be privatised. Roy Watts said there was "considerable disquiet about the financial relationship between the Government and the water and other utility industries." Other authority chair men were extremely sceptical that privatisation was a viable option, but nevertheless the debate was on.
The Environment Department put out a consultation paper but most of the authorities, together with the Water Authorities Association, remained unconvinced. Watts persisted in his harrying tactics, however, and Thames published its own privatisation proposals.

Central to the Thames plan - and it had the backing of the rest of the industry - was the retention of the concept of integrated river basin management. To the relief of the industry, a Government white paper in February 1986 proposed the transfer of the core utility business of the authorities to privatised companies virtually intact, retaining only flood protection and land drainage in the public sector. The sacred concept of river basin management was to be preserved.

The debate raged on through the first half of 1986, but it soon became apparent that there were problems. In particular, powerful organisa-tions such as the Confederation of square one.

British Industry and the Country Landowners' Association were alarmed that control of environme tal and regulatory matters would be retained by privatised companies. They argued with passion that the conflicting interests of "poacher" and "gamekeeper" should be sepa-

Their lobbying coincided with the transfer from the Environment Department of Kenneth Baker, who had backed the privatisation plan, and his replacement by Nicholas Ridley. He took a hard-headed look at the political practicalities and decided in July 1986 to pull the plug on the scheme. It was back to

Then, prior to the 1987 General Election, the Tory manifesto declared that a re-elected govern-ment would privatise the water industry, "leaving certain functions to a new National Rivers Author-ity" remaining in the public sector. There had been no consultation

with the industry, which found itself wrong-footed and badly divided. Roy Watts opposed the new plan vociferously on the grounds that it would end the much admired river basin concept. John Bellak, incisive chairman of Severn Trent, the second-biggest authority, was the only one to embrace the new proposals warmly; the remaining where in the middle or simply sat on the fence.

The Tories' third election victory was followed quickly by a green paper from Ridley entitled "The NRA – a public regulatory body in a privatised water industry" – and the conflict within the industry and between the industry and the Government decreased

The adherents of the integrated river basin initially refused to back down, but a growing number of industry leaders argued reluctantly that the only way to get privatisation was to accept the Government's formula Roy Watts, left isolated, was forced to concede.

So all 10 finally came round to

accepting the Ridley proposals but the internal dissensions did not stop. At times the chairmen were such At times the chairmen were like warring barons, possessive of their own little patch and unwilling to give way. In particular, Roy Watts and John Bellak, although they now confess a warm regard for each other, preferred to take opposing sides in any argument. ing sides in any argument.
At the centre was the heroic fig-

ure of Gordon Jones, chairman of the Water Authorities Association as well as of Yorkshire Water. He battled in vain for unity in the early stages but eventually won through to gain the acclaim and gratitude of

his peers.
In the end, against an unsettling background of intense financial speculation over the predatory forays of the big three French water groups into many of the 29 statutory water companies, and increas-ingly determined moves from the European Commission over early compliance with stringent water quality requirements, three events got the show back on the road, according to one of the most astute

chairmen.

The first was the early appointment of Patrick Brown, one of the most experienced privatisation experts in Whitehall, to lead an inexperienced team. The Environ-ment Department had never con-ducted a privatisation before. The second was the appointment of Rothschild as merchant bank adviser to all 10 authorities, in addi-tion to individual advisers who had often pulled in conflicting direc-

Finally, there was a secret dinner in London between all the chairmen and Norman Lamont, then in charge of the Government's overall privatisation strategy. He took on board the need for a 100 per cent rather than part sale, and for a com-plete £5bn debt write-off and generous £1.6bn cash injection to make the industry acceptable to inves-

After an ultimatum from Nicholas Ridley, the authorities were presenting a unified front by the summer of 1988, when the Government confirmed that all 10 would be floated together rather than in batches. It meant that for Schroder Wagg, the Government's merchant bank advisers, there would be the most complex flotation ever attempted, as well as the most politically unpopular.

Michael Howard was appointed water minister, presumably on the grounds that if he could steer the Financial Services Act and the community charge legislation through Parliament, even water privatisation should hold few terrors.

He did the job remarkably well after initial hostility from the industry over his stubbornness, and he

Final timetable for potential water investors

November 22: Price published. Mini-prospectuses and application forms posted to those who have regis-

■ November 29: Application forms published in national newspapers. Full prospectuses and application forms available from post offices and banks. ■ December 6: Offer closes. ■ December 12: Basis of allocation announced. Deal-

inos commence. ■ December 20: Posting of interim certificates and return cheques.

mastered the complexities of the legislation superbly. The Opposition team, led by Jack Cunningham and Ann Taylor, launched effective and damaging campaigns against the industry and its lack of suitability for the private sector, but because of the in-built Tory majority the bill remained largely unscathed.

The final cliff-hanger, which nearly ended in disaster, came this

summer when Howard and Brown conducted a series of individual negotiations with the chairmen and their advisers over the setting of the K factor – the percentage by which charges will be allowed to rise above inflation over the next 10

Because of the huge capital investment programmes scheduled, all the chairmen argued for high K factors, but the Government team found these demands politically unacceptable and scaled them down to an average of around 5 per cent a

Some of the negotiations devel-oped into a poker game of bluff and

A judgment now has to be made by investors, and the advice is conflicting

counter bluff, and although agree-ment was finally reached with con-cessions from the Government, there were dangerous moments. Resignation threats were made by more than one chairman, including Gordon Jones.

The statutory companies, which will now be able to convert to plc status like the authorities, are still embroiled in difficult negotiations over their K factors. They feel that they might be forced into the rough new world on unfair terms, as they have had no benefit from the authorities' debt write-offs or the injection of the "green dowry"

money.

For the authorities, with their K negotiations settled, it has largely been a matter of waiting impatiently for flotation and seeing how skilfully Schroders and Dewe Rogerson, the marketing experts, have

A judgment now has to be made by investors on a relatively little-known industry, and the advice is conflicting, partly for political reasons. One critic's harsh verdict is that the Government is selling "a rat-infested tangle of cracked pipes," whereas John Bel-lak argues that the UK industry is in general much more efficient and effective than the rest of Europe. A crucial fact about the flotation is that from the Government's viewpoint it is vital for it to succeed. Failure would be too embarrassing politically, and would damage the much bigger flotation next year of the electricity industry. The share price has therefore had to be pitched generously. Charges are undoubtedly set to

rise steeply as quality is improved. Water has been a cheap and undervalued commodity in the past, but this is set to change - to the bene-fit of the shareholder rather than the consumer.

Making sense of a flood of information

Beginners start here: Andrew Hill answers the principal questions about the risks and potential rewards

caused water authorities. Water services in Northern Ireland and Scotland will stay in public ownership. The 29 statutory water companies, which supply performance of the stock market over the last few weeks. Why should I invest in water? The builtsh view is that water is ideally suited for investors water to a quarter of the water to a quarter of the population in England and Wales, are already in the private sector. They are called "statutory" companies, because seeking an antidote to market hiccups. The core business could hardly be more resilient: everybody needs water and the they were setup under separate Acts of Parliament, as explained on the next page. They will have companies have local monopolies in supplying the stuff. In addition, the industry has the opportunity to convert to public limited companies status. promised a "progressive" promised a "progressive" dividend policy — Cityspeak for dividends which increase above the rate of inflation — and the issue has been priced with an 8.55 per cent dividend yield to ■ I bought British Telecom and British Gas shares, but I steered clear of BP: how does the water

As if the natural resilience of the business was not enough, Ian Byatt, the new Director

core utility business.

General, the new places, has a duty to ensure that all water groups — including the statutory companies — can finance their

His principal weapon is a "price

cap." As from next April, water and sewage charges for each company will be controlled by a formula based on the increase

in the retail price index plus a

factor known as K, which is calculated on the basis of each

expenditure plans for the next

company's known capital

The main difference is that it's much more complicated: there are 10 companies for sale, rather than one, serving different regions. In some areas they share the water supply duties with statutory water companies. The Government is selling 100 per cent of the water and sewage businesses; it only sold 50.2 per cent of BT.

E How big is the water privatisation? At a common share price of 240p the sale will raise about \$5.24bn, which is at the bottom end of the £5bn to £7bn range forecast by analysts before the recent uncertainty in the markets. At one stage last year there were suggestions that the privatisation might raise as much as £10hn.

Fve been distilusioned by the

20 years.

What about unexpected costs?

Most of them should be covered by an additional mechanism known as cost pass-through. At the regulator's discretion the cost of certain items — such as changes in water purity regulations or the installation of water meters - can be passed straight to the consumer in the form of higher charges. In addition, the DG can review the 10-year price limits after five

years.

Well, that's converted me. An investment in water is An investment in water is obviously free from all risks: I shall go straight out and fill my hoots with water company shares. attract the private investor.

• What's to stop a water company going bust or running

Not so fast! Although water Not so fast! Although water shares are likely to resemble inder-linked gilts more than traditional equities, there is some element of risk, And as we're constantly being warned, "The value of shares can go down as yeal as up."

As in any public company management could err. All the companies have to carry out extensive capital expenditure programmes, amounting to at least £24.6bn over the next 10 years, in order to meet new environmental standards. If costs overrun because of incompetence there will be no recourse to the Director General for price



Some of the companies are also planning to embark on ambitious diversification into other areas, which could include leisure and overseas contracting. Remember that the DG's duty to ensure a company can finantiself only extends to the core The DG also has a duty to the

Consumer. If a company makes savings because of unexpected windfalls he could reduce the K factor. As a last resort, Byatt could punish real incompetence in the core water business by removing a company's licence

Is there any political risk? As with any privatisation there is the possibility that another government could attempt to "re-nationalise" the business. influence the regulator so that he or she favours consumers over investors. That risk is heightened with water, partly

controversial measure, and partly because of the recent political turmoil.

And didn't I read about hig legal problems which might affect the issue?

It's true that the European Commission is taking the UK Government to court because of its alleged failure to comply with the EC Drinking Water Directive. However, the companies themselves would not be involved as defendants in such a case and any costs incurred as a result would be subject to cost pass-through.

There are also 15 local

There are also 15 local authorities claiming

compensation for future asset sales by the 10 former water authorities. Michael Howard the minister with responsibility for the water industry, has pledged full indemnity for the companies against any liability arising from those claims.

How big are the individual

companies?
The largest water company —
in terms of market capitalisation
and population served — is
Thames, valued at 9922m, and serving nearly 12m people; the smallest in value is Northumbrian, worth £157m, although South West, with a population of only 1.5m, answers to fewer customers. So is there a different price

No. There is a common price of 240p, payable in three instalments over 20 months.

Then how do I distinguish E Then how do I distinguish between them? Obviously the companies are not all worth the same. The Government has adjusted the number of shares for sale in each company, and their individual dividend yields. In theory, the "handicapping" process should make all the companies — the locate and the small the plotders.

large and the small, the plodders and the fleet of foot - look equally attractive to shareholders. ■ But surely there must be some way of prising them apart?

Well, analysts are looking at a number of criteria. They are particularly interested in the magement capabilities of the 10 boards, many of which have been stocked with new directors wato have private sector experience.
Other interesting points to

look out for include: the size of the companies' capital expenditure programmes - and expenditure programmes — and how well they have coped with large spending projects in the past; the K factors; diversification plans; and size, both in terms of population and the number of shares in issue.

What about takeovers? France's three largest water suppliers have bought 12 of the

in the last 18 months in order to gain a footbold in the UK industry. The trio — Compagnie Générale des Eaux; SAUR, which is a subsidiary of Bouygues; and Lyonnaise des Eaux – might well be interested in stakes in the privatised companies, although they have played down the possibility of full bids.

In any case, there are restrictions on shareholdings. Nobody can own more than 15 per cent of each company; the Government holds "golden shares" which will prevent takeovers for at least five years; and bids for any water compar with assets of more than £30m (which easily covers the 10 being sold) would be referred automatically to the Monopolies and Mergers Commission.

Is this an issue that can be

stagged? The law of averages suggests "yes." You could apply for water shares and sell them on Day One at a premium to the 240p offer price. Britoil (the 1982 sale by tender) and the infamous BI sale of two years ago are the only privatisations to have flopped. This privatisation is being

priced to avoid just such a disaster, aithough the Government is now aware of the political pitfalls of

underpricing, so don't expect a huge premium. Bear in mind, too, that water

is being poured into an uncertain market and because of the complexity of the issue there is an unusually long interval between the setting of the price and the first day of dealings.

That increases the risks.

If you were among more than Alm people who pre-registered, you should also remember that the incentives to which you are entitled are a loyalty bonus. If you sell within three years you could forfeit some or all of those

Finally, there is the usual snag for stags in large flotations: share certificates will not arrive in time for the first days of dealings. If you deal before you receive your certificate, you run the risk of selling shares you 🕶 When will I get a

If you registered in advance with the water share information office a mini-prospectus should e on its way to you. If you didn't, you can still pick up a full prospectus at post offices or High Street banks from about the middle of next week. Application forms will also appear in newspapers.

I'm fed up with hearing about water: when will this interminable privatisation end? The closing date for share applications for shares is December 6 and the dealings

will open on December 12. However, there will only be a brief chance to sip a soothing ss of water before the electricity privatisation campaign begins: the 12 area boards are due to be floated off The ten water companies how the analysts see them

Taos refleci by independent water analysts

at Hoare Govett.

Citicorp Scrimgeour Vickers and Laing & Cruickshank,

on the best investments

among the water compan

One tap is awarded for each

appearance in an enalyst's ranking of the top five water companies,

Statutory Companies

Yesterday's windfalls

Andrew Hill on the 29 private suppliers

F YOU HAVE just started to think about an investment in one of the 29 statutory water companies as being an interesting route into the UK water industry, think again.

The real winners are those who took a stake in the UK's private sector water.

suppliers two years ago - or those who last Christmas suddenly realised that the water company stock they had inherited from great-aunt Molly had increased in value more than 15 times since the previous Christmas.

Alongside the 10 newly-privatised businesses, statutory water companies supply water to about 25 per cent of the population in England and Wales. They have no responsibility for sewage disposal. The aggregate pre-tax profits of all 29 last year were lower than the operating profits of the smallest water authority.

authority.

Many of the companies date back to
the 19th century and have a bewildering
variety of classes of stock. They distribute a fixed level of dividends and many
restrict the voting rights of shareholders. Surplus profits have to be distributed to consumers in the form of lower
charges.

uted to consumers in the form of lower charges.

All of them now have the option to throw off these restrictions and, with shareholder approval, convert to public limited company status.

Starting more than two years ago three French water suppliers began to invest in these companies, pushing up ahare prices in the little-known stock market hackwater and eventually market backwater and eventually launching successful bids for 12 of them. Bids for three others came from Biwater, a private UK water contractor, before new merger restrictions imposed by the Government quietened the sector.

Government earlier this year by raising their water charges, arguing that it was the only way to put themselves on a level playing field with the larger authorities after flotation. Now statu-

authorities after flotation. Now statutory companies are wrangling with the Department of the Environment again, this time over their price limits, which have yet to be set.

All but ignored by analysts because of the hype which has engulfed the rest of the industry, stocks in the remaining independent companies now look fully valued after the excitements of the past two years. That said, if French suppliers or larger neighbouring water companies decide to bid—and are allowed to—there may be further windfall profits for widows and orphaus who hold on.

3 Of the 23, the following are still independent:

independent:
Bristol (two large French stakes, but protected by voting restrictions);
Cambridge (made immune from takeover by a shareholder agreement)

Chester
Cholderton & District (tiny, unlisted)
Coine Valley, and Rickmansworth (both
awaiting a monopolies decision on a proposed merger with French-controlled
Lee Valley)
East Surrey (to be registered as a pic
most month)

Mid Kent (already quoted as a pic, Mid Kent Holdings)

South Staffordshire (large French stake)
Sutton District (large stake held by
Associated Insurance Pension Fund, an
Australian investment vehicle)
Wrexham & East Denbighshire (large
French stake)
York (large stake held by Pension & I York (large stake held by Equity & Law)

THE 10 NEW PLCs: KEY FACTS								
Name				Capital expenditures		K Factors		Popul-
	Market value		Yield	1990-95	1995-00	1990-95	1996-00	ation‡
	Em Em			£пя		£m		(m)
Anglian	707	357	8.51	1470	1990	5.5	5.5	5.4
Northumbrian	157	142	8.91	540	345	7.0	3.0	2.6
North West	854	458	8.73	2220	2080	5.0	5.0	7.0
Sevent Trent	849	476	8.25	2330	1750	5.5	20	8.3
Southern	393	204	8.35	830	500	5.54	0.0	4.0
South West	293	108	9.68	765	525	6.5	5.0	1.5
Themes	922	558	8.10	1890	1920	4.5	4.5	11.7
Welsh	346	220	9.31	880	875	6.5	5.5	2.9
Wessex	246	131	8.45	650	625	4.5	4.5	2.5
Yorkshire	472	308	8.57	1210	1210	3.0	3.0	4.5
TOTAL	5239	2960	8.5555	12785	11800			50.4



ANGLIAN

If there is such a thing as a growth stock in the water industry, then Anglian fits the bill, it is based in one of the most prosperous parts of the country and its customer base is growing at close to 2 per cent per annum. Its assets are more modern than many of its rivals, but it does have lower than average rainfall and the region's intensive farming means that it has bigger potential pollution problems.

In common with some other authorities, Anglian's need to secure long-term water supplies to cater for the next century's demands is not yet regarded as a problem, and the worries about nitrate poliution have probably been overdone. Anglian's conservative manageme has put aside less than £100m of the £3.5bn investment programme

to deal with the problem.
With the second highest K factor, It has one of the biggest capital investment programmes, but is confident that it has minimised the regulatory risks.

A prospective yield of 8.5 per cent and the promise of long-term real dividend growth of around 4 per cent per annum is a safer bet than farming.



SOUTH WEST

South West faces problems in gainin investors' confidence due to its past bad press and the fact that its management team was hastily assembled just ahead of

privateszon.
Hard hit by last summer's drought, it was worse affected by a widely-reported incident of pollution from one of its Cormail works in 1988, it is chaired by Keith Court, a former director of Blue Circle Industries, who has held the post since August 1987.
The head incorporate faur affect. The board incorporates four other executive directors, all of whom were appointed this September. Admittedly, three of them have experience in wate at South West and elsewhere; they include Kenneth Hill, finance director, olned after being financial controller

at Severn Trent. Nevertheless, the team has everything to prove at the same time as the to prove at the same size as the company, one of the estallest, immediately plunges into a very sharp increase in capital spending. But there is no doubt that the Government's advisers thought all this through in the pricing, indeed, the yield was even greater than expected, and there is certainly scope to narrow the differe

should Court et al come good, & Being punted as a stagging vehicle, could go well short-term. Further out



NORTHUMBRIAN

in spite of having the smallest market capitalisation of the 10, Northumbrian is beginning to draw some admiring glances from analysts, parity because of its management's formidable reputation for cutting costs.

The principal sychilect of efficiency improvements was Frank Ridley, who retired as chief executive in January. He remains on the board, along with David Cranston, one of the industry's most respected finance directors.

They will help manage a comparatively modest capital expenditure programme and nurture non-core ambifions which include waste inclusivation projects, possible lelaure developments and a cable television joint venture. The high K recognises the difficulty Northumbrian may have in making further efficiency gains. About 60 per cent of water supplied by Northumbrian goes to industrial customers, many tied into jong-term contracts with the company. There is no problem with quantity, thanks to the big Kietder reservoir; quality concarns focus on beaches and sewage outsits to the sea.

Three statutory water companies

outlaits to the sea. Three statutory w outsits to the sea.

Three statutory water companies supply over half the region's population. The two largest belong to Lyonnake des Exux, perhaps the most aggressive of the French water suppliers, creating an element of taleacers speculation.

If On the third highest yield — just under 9 per cent — Northumbrian look attractive, even without the hid



THAMES

Thames, high profile and bullish, is billed as the premier stock because of its size, location, development potential, and aggressive diversification plans aiming at 50 per cent of profits from non-core activities

within five years. Roy Watts, the experienced chairman who pioneered privatisation, has prepared a well-thought-out corporate strategy and has already bought the Portals international water treatment business. There is considerable scientific expertise and experience

in handling large contracts.
Completion of the M25-type ring main around London will solve resource problems and release land but the more stringent property divestment regime has dented

prospects.
Thames also has the smallest investment programme of the big companies which reduces the potential for fast growth in the short

It is certain to be a very popular stock and should perform well, but much will depend on ambitious diversification plans. Will it try to



NORTH WEST

North West has had to cope with a backlog of problems inherited from the industrial revolution, particularly crumbling sewers and the polluted River Mersey. This led to it being regarded initially as the

one company it would be impossible to sell, but times have changed.

A big capital spending programme has been put in hand and North West probably benefited more than any other from the new financial regime. It could now enjoy reasonable growth due to its high

investment programme.

There are ample high quality water resources from the Lake District, but problems with peat discoloration and from lead piping in the industrial south. Beaches are in a poor state, but a are in a poor size, but a programme of long sea outfalls and coastal sewage works is under way. Chairman Dennis Grove has

diversification plans and his ace card could be the company's proven ability to handle big capital projects. An unfashionable company with residual presentational problems, but with a starting yield of over 8.7 per cent, North West could be the dark horse



WELSH

Weish's unique characteristics demonstrate why investors should look carefully at individual water companies rather than assuming that they are all customers on to the sharel

Yorkshire.
Weish comes under the authority of the Secretary of State for Wales, rather than the Environment Secretary, and is governed by different rules, which prevent a takeover even after five years are up, unless 75 per cent of shareholders vote in favour.
That factor might have proved a strong districtative to investors, but the Government has offset the disedvantages by giving Weish the second highest

by giving Weish the second highest yield of the bunch — perhaps the only surprise of this week's pricing Weish is one of the more cautious

diversifiers, expecting only 15 per cent of profits to come from non-core businesses after five years. The executive board has a strong util beckground — managing director David Jeffrey, for example, came to Welsh via Northumbrian and Yorkshire Water. via Normanianiania Torisana wate il could be needed: the rise in capital spending is higher thanaverage. Il The high yield has enhanced Weish's investment stractions,

Weish's investment attractions, suggesting it could attract followers as a resilient, if unexciting, core holding



SEVERN TRENT

No-one thinks that there is anything wrong with the company, but Severn Trent may have its work cut out to altract investors' attention.

The board is seen as rell-belanced and efficient. Since well-besided and enterent. Since 1983 it has been led by John Bells the outspoken and high-profile chairmen, and incorporates a number of people drawn from the

private sector.

The company is tacing a big capital expenditure programme, weighted towards the early years. but there are few concerns about the management's ability to cope with this core challenge. However, there are some fears that the board may be diverted by the ambitious diversification plans that it has in the past made clear it is nurturing. But the true problem with the

shares stems from their aggressive pricing. In the very short term, good demand from customers should make them a stagging opportunity. But due to the profile of its spending, Severn's dividend growth is expected to be weaker than the average over the next five years. Taking into account the relatively low yield, there seems little reason to hold the shares.



WESSEX

The strength of Wessex, one of the smallest companies, lies in its well-regarded management and its use of new technology. Known as the "push button authority," it has developed an excellent customer response system. A fast-growing population will give an opportunity for volume growth in sewage services, but growth in water supply will be limited by the presence of statutory water companies in the big population areas, Bristol and Bournemouth.

High-quality, mainly underground water supplies should meet the highest EC requirements and Wessex has by far the lowest leakage rate among the former authorities. In contrast to all neighbouring authorities, there were no water restrictions in Wessex during the summer drought.

A relatively large investment programme, mainly for longer sea outfalls and Bristol and Bath sewer renewal, should leave scope to complete below budget. A very well managed, fancied smaller company, but handicapped by lack of population and the statutory companies.



SOUTHERN

Shares in Southern could be popular with local customers who live in what seems to be the natural habitat of the

email shareholder.
Nearly half the 4m population is supplied with water from six statutory water companies, three controlled by the French company SAUR (a Bouygues subsidiary) and a fourth by the largest French supplier. Compagnie Générale des Eaux. Unusually, Southern holds 25 per cent strategic stakes in each, making a French takeover less likely than mutual cooperation. small shareho

than mutual cooperation.
Southern, one of the most aggressive diversifiers, has already announced a joint venture with SAUR on waste a joint valuate with some core disposal, adding to non-core subsidiaries in everything from information technology to contract plant

In line with this strategy - refle in ime with this strategy — reflected in a comparatively low yield — management is weighted towards non-core activities. The relatively small capital expenditure programme is concentrated on early improvements to sewage outials and the region's popular beaches — hence the unusual split K factor for the first five years.

years.

Greater risk than most; but if management is up to the task, diversification plans offer the possibility of rapid expansion unhampered by heavy capital expenditure requirements.



YORKSHIRE

Yorkshire is as safe and solid a water utility as you will probably get. It does not have an inbred management team, yet it has not healtated to look outside for special expertise and its chairman is one

of the industry's leading figures. The emphasis on training and research, and cautious approach to diversification, suggests that it could become one of the industry's eaders. One has only to look at the impressive financial record of an institution like the Yorkshire Ban to realise that the better managed sinesses do not have to be the biggest - or based in London.

However, with a market capitalisation of close to 2500m, it will be bigger than local companies like Allied Colloids, BBA and FKI, whose yields range between 2.2 per cent and 6.4 per cent. Yorkshire suffers from old underground sewers and mains; nevertheless, it has already shown that it can handle large capital spending programmes, one of the

keys to long-term success.

Et A prospective multiple of 5.4 and yield of 8.6 per cent are averag for the industry, but does not do justice to a quality stock.

The Shares

Clare Pearson's step-by-step guide

HOSE forward plan-ners who by Novem-ber 15 had registered their interest in buy-ing shares with the Water Share Information Office will Share information Office will find applying for them a simpler process than others.

If you did so — and regardless of whether you are a customer of one of the companies — early next week you should receive in the post a mini-prospectus and a personalised application from

application form.
If you failed to pre-register
you will have to make do with
a public application form —
although it should be easy to

although it should be easy to get hold of one. Forms on their own, and those contained in mini- and full prospectuses, will be widely available from hanks and post offices from next Wednesday. They will also appear in newspapers.

If you did not pre-register you will have to use separate forms for the shares of each company in which you want to invest if you have a personalinvest. If you have a personalised form you can use it to apply for shares in any or even all of the companies, making out only one cheque.

You as an individual may make applications for shares in

make applications for shares in as many companies as you wish. You are also entified to make a joint application with up to three other people, assuming that you are all over the age of 18. But remember it would be a criminal offence (subject to cartain specialised exceptions) for more than one application to be made in any particular company for the benefit of any one person.

Your decision on whether to apply for shares in more than

apply for shares in more than one company, or in one char-chan your own area company, will be infinanced by a range of investment factors. However, in simple terms of perks and preference, those who apply for shares in their local company,

for shares in a company of

which you are not a customer (assuming you pre-registered) you are only eligible for loyalty shares on a one-for-20 basis.

If you registered, remember

that you must use the personal-ised form or else you will forfeit the right to all the incentioes.

Here again, those who pre-registered have the advantage: they will be issued with a

reply-paid envelope. But every-one MUST move quickly. You will find details of the various deadlines for delivery and the destination to which postal

applications must be sent on the back of the form.

Postal applications must

reach the appropriate receiving bank for the vater company in which the application is made by 10 am on Wednesday,

December 6.

If you miss the postal deadline you may take the form by hand before 3.30 pm on Tuesday, December 5 to a number

of banks throughout the UK. A number of additional receiving

centres will be open for hand deliveries arriving before 10

am the following day. These are all listed on the form.

If you are hoping to make a

quick sale, it is important to be aware that you may not receive your allotment or return cheque for shares not allocated until

shortly before Christmas. Unless you have an established rela-

tionship with a broker, you will not be able to sell without your

In the case of the big flota-tion of Abbey National, the for-mer building society, last sum-mer, it was thought possible that certificates could be sent

out as soon as stock market

dealings began, although this process was in the event dogged by delays.

Certificates and

Refunds

certificate.

Delivering the form

In any event this plan was only feasible because a list of members already existed. Water, on the other hand, will resemble other privatisations in that documents of title, and refund cheques, will only be

refund cheques, will only be sent out some time after dealings start on December 12.

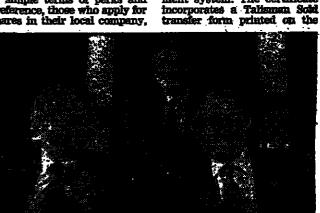
Certificates and refund cheques are expected to be sent out "not later" than Wednesday December 20. Unless you move very quickly after they arrive you will have to wait until December 27, the first working day after Christmas, before you can do anything with them. It will then be nearly three weeks after the closing date for applications.

The Certificate

If you invested in previous privatisations you will have received initially a large docu-ment known as a "renounceable letter of allotment" (RLA). With water you will receive something rather different, a

document known as an interim certificate."
This is so called because shareholders technically have interim rights over the under-lying shares until July 1991, the final instalment date. It will, however, be familiar to Abbey National shareholders. Unlike the RLA, which became a bearer instrument when shares changed hands, the interim certificate will be

backed by a register of holders. This means that it is more It also has the advantage of making settlement of dealings a smoother process. After the register of holders is in place, all transactions in the shares can be conducted through Talismen, the Stock Exchange's computerised dealing settle-ment system. The certificate



At the leunch of the pathlinder prospectus: from left, Environment Secretary Chris Patien, Gordon Jones, chairman, Water Services Association, junior minister Michael Howard

and who pre-registered, get a better deal.

This consists of preferential treatment when shares are allocated and being offered the choice between an 8.3 per cent discount off the share wice or more efficient certification. discount off the share price, or more efficient service. "loyalty" bonus shares on a one-for-10 basis. If you apply

:

Dealing in the shares

A range of intermediaries will be providing special deals. Here are just some of those that have been finalised so far. To the first 10,000 Leeds Fer-To the first 10,000 Leeds Permanent Bullding Society customers who apply from next Monday, the Society will, in conjunction with Debenhams Investment Service, be offering a voucher entitling you to a free share selling (though not buying) service.

buying) service. To be eligible you must either already hold, or open, a Leeds Liquid Gold or Solid Gold savings account with a minimum balance of £2,000. Details are available from Leeds branches.

Other Leeds account holders, and anyone contacting DIS, will be able to sell their shares through DIS for a flat fee of £10, plus VAT.

DIS is offering these terms to family groups of a maximum of four shareholders with the same address owning shares in the same authority. Skipton Building Society is offering the same terms both to customers and non-customers, NatWest Stockbrokers pro-

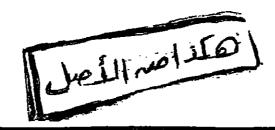
vides a dealing service through all its branches to any individual, whether customer or not. As in previous privatisations it is providing a walk-in-and-deal service in the 270 NatWest branches which have a Touchscreen. However, it has not yet decided whether this will include the payment of sele-

decided whether this will include the payment of sale proceeds on the spot.

Earclayshare will also be providing a special deal, but details have not yet been amounced. Cheltenham and Gloncest

Building Society is providing an insurance service to people who may be worried about loss of interest on a savings account as a result of an unsuccessful application. If you open a Gold Account before applying for shares you will not lose interest, provided you return your chaque to the account before January 6.

The British Government's advisers have saled us to point out that there is no public offering of the shares in the US or Canada, US and Canadian citizens are not permitted to apply in the UK public offer.



THE WATER SALE

HE WATER printing offers investor special Personal Equity Plans opportunities for using a Personal Equity-lan (PEP)

A flotation tailor-made for PEPs

John Edwards reports on how investors can maximise gains by avoiding paying tax

to considerable advantae.

Basically, by transfiring new water shares into a P.P you can avoid paying capital aims tax on any profits made or inome tax on a potentially high-yieldig stock.

But there is much force to it than that. You can also increase substantially in relationary to make maximum. PEPs scheme was specifically aimed instead to retain their holdings. at privatisation issues such as Taxpayers, particularly those tially in value termsthe maximum amount that can be nvested annually into a new-style PEP, from the ceiling of £4.806 possibly to well over £11,520, and t at the same time shelter from he tax inspector any immediate gai from the difference between the der price and the market value. water - particularly as an additional concession was made that the amount of partly-paid shares that can be taken in is based on the first instalment of the offer price, rather than the full amount.

This means that buyers of water shares, with a first "call" instalment of £1, will be able to transfer into a PEP up to a maximum of 4,800 shares which will have an issue value of £11,520 in three years after the further two "calls" are raid and a market value of a let paid, and a market value of a lot more if the shares trade at a reasonable premium over the offer price.

Presumably this massive breach
of the PEP restrictions is to encour-

age investors not to sell privatisa-tion shares immediately, but

who have already used up their 25,000 annual capital gains tax exemption, face losing a hefty chunk of any profits made if water shares turn out to be a bargain buy and move to a healthy premium when dealings begin. Alternatively, income tax may take away a lot of the benefits of holding high-yielding shares, again especially for the higher rate taxpayer.
Unless you have a pessimistic

there is quite a lot to be gained by keeping them in a PEP to avoid capital gains and income taxes. Although you are committed to pay-ing the second and third instalments to gain the full benefit, and using up some of your PEP allow-

ances in 1990/91 and 1991/92, a further incentive is that any bonus shares received in the third year can also be used to swell your tax-free PEP holding.

So there is a strong case for arguing that if you are prepared to go to the time, trouble and risk of buying water shares, then you may as well go the whole hog and avoid paying tax as well. But, as ever, it is not quite as simple as that. For a start many investors have already used up some, or all, of their PEP allocation for 1989/90. If you have already invested \$4,800 in a new-style PEP then there is not a lot you can do. Even if you have only committed part of that amount you may be in difficulty, since the majority of PEPs offered are either stand-alone unit, or investment, trusts with a

maximum investment of £2,400; or discretionary funds, where the plan manager, not you, chooses the stocks. In theory you could transfer your PEP to a company offering a self-select scheme, enabling you to choose your own stocks, but this could prove time-consuming and expensive. Your choices may also be limited. At the last count there were only about 30 companies offering genuine self-select PEPs with no limitations on which shares are bought. They are mainly offered by small stockbrokers, many of whom see the water privatisation issue as a heaven-sent opportunity to increase sales to the many inve who do not yet have PEPs.

However, the "big boys" - the
major clearing banks - do not
want to know. Barclays, Midland

and National Westminster, which all offer self-select PEPs, have decided not to accept transfers of new issue water shares. NatWest which has made quite a fuse in the past about the unrestricted choice offered by its Shareplan PEP, says that it is impossible for it to offer the normal new issues facility for water shares because of the limited time and the complexity involved in handling such a potentially big issue during a month which includes a long holiday period.

Barclays says it would be an "administrative nightmare." Midland, after initially saying that it was prepared to handle deals over £1,000, changed its mind and said it lacked the staff to handle what could be a large and very expensive exercise. Lloyds, which claims to be

the largest seller of PEPs, has ducked the problem by simply not including water shares in the list of 30 shares from which investors can pick up to six shares in the bank's "choice" PEP.

This leaves the field wide open to the banks' smaller competitors. Already several companies are offering special deals on water PEPs and no doubt there will be many more in the weeks ahead.

However, investors should be wary. The charges involved in share PEPs can be very expensive and to a large extent offset the tax savings made, especially in the short term. Many of the stockbroking firms offering special "water" PEPs have dealing charges, including a mini-mum charge that could be very high in percentage terms on a small allocation. There are also "hidden" costs, such as charging for annual reports and accounts, reclaiming tax on dividends, or withdrawing from the schemes.

Nevertheless there is consider-

water shares and PEPs as a means of building a substantial tax-free portfolio that could yield handson dividends in years ahead.

Comparative Investments

Ahead of the crowd

William Hall on the 'competitors'

THERE' ALE various, ways of THERE ALE various, ways of valuing the new water utilities, and it is hard not to conclude that they all look attractive on conventional criteria. It is neer impossible to find another recession-proof industry which is protected from inflation and is promising real long-term dividend growth better than the average equity.

to considerable advantae.

market value.

Among the may improvements to PEPs announced in the last Bud-

get was a special provision for new

share issues to b transferred into a

PEP at the orginal offer price rather than themarket value, pro-viding this is done within 30 days of the allocation date (in this case,

December 11).

At the time it was felt that the introduction of this favourable

treatment for new issues in the

In the short term, it must be one of the safest equity investments around, yet k is being sold on an average rice earnings multiple of 5 half the market average — and is yielding a prospective 8.5 per cent, 70 per cent above the average.

70 per cent above the average.
Of course, there are serious
political risks, some managements will perform better than
others, and the prospect of
consumer rebellons against
higher charges should not be
overlooked. Evertheless,
these sorts of aultiples are
discounting a lt of risk and
provided the stare prices do
not: collapse, the parity paid
element mean; investors could
stand to make 20 per cent plus
annualised, seturus in the
short term.

amost term:

Ritish Stel. Operating in a highly cyclcal industry and valuerable o foreign competition; was prought to market at 4.9 times are forma earnings.

"Ge FOR IT" is the standard

stokbroker's response - to a man - when asked whether

ther private clients should buy

"It's a good one — we think people should buy it," says Rogel Brearley, senior partner in James Brearley, Blackpool-base brokers, even though he

is generally advising clients to holder buying at the moment as h expects to see the market

driff down before the end of

the year.

"jots of our clients are very

intrested in water," says Midael Merridew, senior part-nerat Farley & Thompson in Bornemouth. "The terms are

Bornemouth. The terms are very good and it's a very good steldy stock for the medium tern with a particularly attractivi yield which will probably increase after the third year."

*tockbrokers around the

country report an active inter-

rartner at Josias Cunningham of Belfast, says: "The prospects of short-term profits for stags, befty yields for longer-term investors, and the fact that the instalments have been structured to the stage of the sta

fured to benefit PEPs (personal

equity pans) should generate considerable interest among local in estors, even though the Norbern Ireland supplier

is not involved."

Most trokers expect to see a reasonable premium. As John

Gartside partner of Chariton

Brett & Boughey in Southport, points out: It has been placed at a vey favourable price so

there should be a good pre-mium. Michael Merridew

believes that a reasonable pre-

depends on the allocations.

witer shares.

and an 8 per cent yield. Among other privatisations, only Associated British Ports and Britoil came to market on higher yields and even they did not offer as high yields as South West and Welsh. The natural benchmark is

British Gas. It is in an equally mature business, is free from foreign competition, and while it does not have such an ambi-tious capital investment plan, it seems to have a less sympathetic regulator. At 209p, Brit-ish Gas is yielding a prospec-

ish Gas is yielding a prospec-tive 6.7 per cent.

Over the last 20 years, real growth in UK equity dividends has averaged just 1 per cent per annum. If the water utili-ties really can produce long-term growth in real divi-dends of between 3 per cent and 5 per cent per annum, then they will probably out-perform the average equity and also index-linked gilts which are offering real returns of 3.5 per cent. of 3.5 per cent.

of 3.5 per cent.

It is the sort of financial equation which sounds too good to be true. Either the water utilities will enjoy a massive re-rating over the long ferm, or their financial performance will be held back performance will be held back by political and regulatory tin-kering in their affairs. Neither can be discounted. ID AND DORIS didn't meed PhDs in economics to buy shares in British Gas, and although they decided not to "Be Part Of It" when the BP offer came along two years ago, at least there was only one if it. As there are 10 different share opportunities in water, Sid and Doris may be somewhat confused.

But, after so many public flotations many small investors are becoming more sophisticated and may like to spread their risk on the water flotation by applying for a small portfolio of shares in several different companies. Here are three possibilities:

Northumbrian.

If Sid and Doris decided to weight their mini-portfolio of water shares in the same way they would eventually receive 10 separate share certificates.

They could take these to a stockbroker who would exchange the 10 pieces of paper for one certificate — similar to what the institutions will receive — which could be dealt as a packaga. institutions will receive — which could be dealt as a package. Some analysis think the institutional package could be quoted for as long as two years. However, the original applications must be made for exactly the right weighting of shares (check the prospectus, or a broker, for the details), and it would have to be quite a hefty investment to offset the commission.

Fund managers get a package containing shares from all the water companies, weighted according to the size of the individual businesses — a 1000-share pack contains, for example, 176 shares in Thames, the largest water company, and just 30 in Northumbrian.

If Sid and Dorie decided to

have to be quite a hefty investment to offset the commission payable if and when the package was broken up.

Private investors have certain advantages over the big investment institutions. They could end up owning nearly half the newly-privatised industry—"clawing back" shares provisionally allocated to the professional investors. And if demand is really strong, up to a

third of the shares reserved for the public in each water com-pany will be used to give larger allocations to pre-registered cus-

What is more, there are incen-tives for those customers who pre-registered. Unless they have some vendetta against their local water company, Sid and Doris would be well-advised to take a stake.

■ The City Slicker:

Doris — a veteran of several privatisations — would now like to compete with the pin-striped City types, "stagging" the issue, or at the very least getting some respectable early gains from her contfolio of water stocks. portfolio of water stocks.

She has two choices. She could

Picking A Portfolio

Something for Sid

Andrew Hill considers possible packages

Thames, Anglian, Southern and even Severn Trent (which covers a wide area from Mansfield down to Gloucester) could well attract the highest investor interest. If they are over-subscribed they will be the ones to end the first day of dealings on a fat premium in the offer price. day of dealings on a lat premium to the offer price.

Doris might also look at the smaller stocks, such as South West. Though prone to pollution look at companies in areas where privatisation has proved popular in the past. Water companies like

accidents in the past year, it offers the highest yield of all, which might invite oversubscrip-

However, Doris will be unable to deal on Day One without her share certificates — unless she has a very sympathetic broker — so she might as well hold on to shares in Thames, Southern, and Severn Trent, which have bright diversification plans. That makes them riskier investments — particularly those which have heavy capital expenditure programmes — but shareholders would reap greater benefits in a shorter period if management realised its ambitions. Adding Northumbrian would spice the portfolio with a

would spice the portfolio with a highly speculative takeover ele-ment because of the French presence in the region.

■ Widows and Orphans:

Sid, meanwhile, is looking for a bunch of companies he can rec-ommend to his ageing mother: nothing too exciting, but with a

The largest companies Thames, Severn Trent and North
West - have a solid enough
record, but widows and orphans
may dislike the low yield on the
first two. North West has the largest capital expenditure programme, but management has shown its ability to cope with a big spend in the past and the company also promises a strong

In addition, Sid may be tempted by Wessex — small and well-managed — by Welsh and by Yorkshire. Welsh has the sec-ond highest yield, a strong utility management, and protection from takeovers. Yorkshire offers the same regional identity and good scope for cost-cutting on fairly substantial capital expenditure. ture programme.

Finally. Sid will be telling his mum that if she has any statutory water company stock certificates left in the attic, and she's not desperate for cash, she should hang on in the hope of further mergers in that sector.

first brought to the market. Amersham, one of the first pri-vatisations, performed well in

its early years but has mas-sively underperformed more

recently. In contrast, BAA was sold at the peak of the 1987 bull market, yet its shares bave handsomely outperformed.

Of the others, a distinction has to be made between those

which have outperformed by

virtue of their superior man-agement, such as Cable & Wireless, Enterprise Oil and Associated British Ports, and those which have been the sub-

Shareholders who paid 185p

per share for the second tranche of Britoil were bought

out by BP for £5 less than three years later. Similarly, the

original investors in Jaguar

have been rewarded with a five-fold increase in little more

than five years as a result of Ford's takeover bid.

Enterprise Oil, and Associated British Ports may be bid for, but poor performers like Rolls

Royce and British Aerospace are so strategically important,

and so protected, that take-

ject of takeover bids.

The Political Risk

Party lines on water

Andrew Hill reports The Labour Party:

"THE low price of water shares and the incentive package indicate that the Government is worried that potential investors understand the high risks involved — but they do not necessarily make the shares a good buy. Fears about the condition of the intrastructure the adequacy the infrastructure, the adequacy of long term investment plans, EC compliance and potential litigation mean there are signifi-cant disincentives for potential

"Labour is committed to tak-ing water back into public own-ership and control, and a Labour Government will be under intense pressure from the public to do so. This privatisation has

intense pressure from the putnic to do so. This privatisation has become progressively more unpopular and consumer pressure will intensify as bills increase sharply.

"We accept it will not be possible to take the industry into public ownership from day one, but powers in the Water Act would enable a Labour minister to alter the priorities of the existing regulatory regime.

"For example, under section 26 (3) of the Act, Labour could set different priorities for the Director General of Water Services, so as to promote the interests of consumers by keeping prices as low a possible while investing to improve water quality and the environment. This may mean lower rates of return and share value for investors.

"The impression has been

value for investors.

"The impression has been given that cost pass-through will ensure a good return to share-holders. But the DG will be under increasing public and political pressure to use the cost take-away provisions, a little-recognised aspect of his powers, to ensure that shareholders do not benefit at the expense of consumers."

Social & Liberal Democrats (SLD):

"We believe water must be available to all, at an affordable price and a guaranteed standard. This requires strict regulations and quality standards. Proper accountability to consumers is essential to ensure water resources are managed in the whole community's best interests.

"If it becomes clear that the only way to achieve these vital objectives is to take the water industry back into public ownership, we would not hesitate to take this course.

"We would carry this through in a way which fitted logically into our proposals for regional assemblies, by creating regional water companies with regional regulators."

Social Democratic Party (SDP):

"We favour privatisation where it is in the interests of the con-sumer. Water is the most natu-ral of the natural monopolies, with no scope for the competi-tion that is so crucial to privati-sation's success. We therefore

tion that is so crucial to privati-sation's success. We therefore oppose the flotation.

"The privatised water busi-nesses will be judged on their performance. If standards prove too low we will bring forward proposals to increase the powers and resources available to the National Rivers Authority and the DG of Water Services. We would also have to review the ownership of the businesses and consider re-establishing a local authority interest and greater public accountability."

The Green Party:

"We believe a clean water sup-ply, as a basic human need and right, should be owned in perpe-tuity by the community.

"We demand adequate drink-ing water and environmental

protection, rigorously applied standards and an enforcement agency free from vested interest and supported by punitive pow-ers. These goals cannot be ful-filled by privatisation, or by traditional state ownership.

"Through a localised, and

potentially dual supply system, purification would be concen-trated at the point of distribu-tion. That would offer consider-able opportunities for economy, quality, and local community

control.

"Our society's massive intervention in the natural water cycle can only be sustained by returning water to the system in an ecologically neutral way."

What The Brokers Say It's a winner Sara Webb on the experts' view

Regulation Water's watchdog

advising their clients to hold on to their water shares as a medium to long-term investment. "I don't see water authorities as a growth area — not for capital growth but for the sector in line

income," says John Gartside.
"It's a good one to go for if
you want income," says Roger Brearley, who suggests that cli-ents put their water shares into a PEP for the tax advantages. Peter Whitworth is telling clients to go for their local water authority shares (in his case, Yorkshire) for the long But what if clients want to buy in to more than one authority? Michael Merridew says: "We're telling clients if you have limited funds, go for Wessex, our local authority, for the discount and concessions.

remain anonymous.

Most brokers are in fact

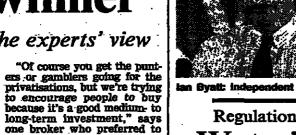
country report an active interest from clients regarding the issue, although Brearley bemcans the fact that "it's nething like the good old days of British Telecom and British Gis — we haven't had nearly as many people ringing up to esquire about water."

Barry Fitzsimons, senior partner ati Jostas Cunningham Otherwise, if you have a big sum — say \$50,000 — and you want to stag the issue, put £5,000 in each of the ten authorities, as you will get a bigger net amount at the end of the day even though the premium will years." mium will vary."

Henderson Crosthwaite is advising clients to support their own local authority and enjoy the maximum benefits, provided they registered their interest by the required date of November 15. For those who failed to regis-

ter (and who have missed the incentives), or who prefer to apply for the lesser benefits available from another authority, or who want to apply for shares in a second authority, Henderson Crosthwaite recommends Anglian, Northumbrian, Southern, and Thames. Barry Fitzsimons is advising

mium is ensured, given that the institutions are interested his clients to buy Anglian, Northumbrian or Wessex in buying water shares.
Rogir Brearley thinks that
stags bould receive a premium rather than "the grey market front-runners such as Thames of between 5 and 10 per cent. Peter Whitworth, an associate with Broadbridge in Leeds. or Southern, where the likelihood of over-subscription is higher and could therefore lead says. Thames is "the most obvi-ous to stag," but adds that it to scaling down or even



Andrew Hill on the man who will keep

IAN BYATT, formerly deputy chief economic adviser at the Treasury, is a man investors should watch carefully. As the new Director General of Water Services he and a staff of about 100 based in Birmingham are responsible for the economic regulation of the newly-privatised water industry and the 29 statutory water companies already in the

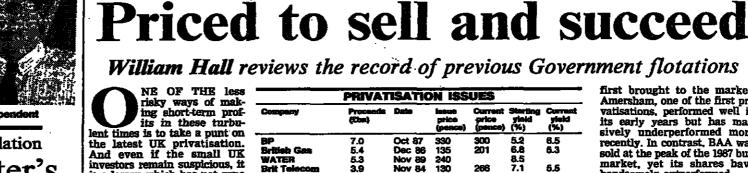
private sector.

Rumour has it that the first drafts of the water prospectus painted, under Byatt, a rosy regulated future for water regulated future for water investors. That was based on his statutory duty to ensure that water and sewage functions could be properly carried out and that water groups could finance these through price increases. In the final draft, water companies have draft, water companies have been allowed to express a little more caution about the regulator, who has to answer to con-

Byatt himself seems keen to take into account advice from the City as well as from his 10 customer service committees which are expected to pass on consumers' gripes to the DG. As for the possibility of politi-cal influence, he is adamant that he is independent of the Government, but responsible to the Water Act. Consumers or companies who dispute the small print can take their case to the Monopolies and Mergers

sumers as well as investors.

His desire to issue an annual report should give investors an early chance to gauge how assiduously he intends to carry out his duties.



its in these turbu-lent times is to take a punt on the latest UK privatisation. And even if the small UK investors remain suspicious, it is a lesson which has not gone unnoticed by many of the more savvy international investors. Of course, there have been some embarrassing flops. Three quarters of the November 1962 sale of Britoil was left with the underwriters and within a month the price had dropped by a third. The sale of the final tranche of the Gov-

ernment's stake in BP coincided with the 1987 stock marthe trash. BP shares fell 29 per cent below the issue price, and more than two years later have still not topped the 330p offer But these are the exceptions. The UK privatisation industry is a big business these days and with electricity, the second tranche of British Telecom,

coal and rail in various stages of the pipeline, the Government has to ensure that water does not dampen investor appetite for future issues.

More than a dozen newly privatised companies are now listed on the London stock market and more than £29bn has been raised. They have a stock market capitalisation close to 260bn, or a sixth of the total market.

Whatever one thinks about the wisdom of selling off many of these state enterprises, their sheer size in the stock market means that they cannot be ignored. British Telecom and BP are the two biggest compa-nies in the UK, and British Gas

is higger than ICI. New privatisations have been generally priced so that they go to a decent premium in the short term. County Nat-West WoodMac has analysed the post-privatisation performance of British Aerospace, Cable & Wireless, AB Ports, British Telecom, British Gas, British Airways, Rolls Royce

and BAA. Out of these, only Rolls Royce failed to outperform the market by a significant amount in the first six months.

Oct 87 330 Dec 86 135 Nov 89 240 Nov 84 130 Dec 88 125 May 87 170 Jul 87 245 Dec 85 293 Feb 87 125 May 85 375 Aug 85 185 Jun 84 165 Feb 82 142 Apr 84 111 British Gas WATER Brit Telecom Brit Steel Rolls Royce BAA Cable & Wireless Brit Airways Brit Aerospace Britos Enterprise Oil * Acquired by BP is 1989; † being acquired by Ford Sources: Price Waterhouse; Detastream. Prices at Nov 21 1999

PRIVATISATION ISSUES

The Privatisation Record

British Telecom, for example, outperformed by 22 per cent and British Gas outperformed by 10.5 per cent. Even British Steel managed to outperform the market before its share price collapsed last summer. However, the question of whether privatisation issues are sound long-term invest-ments is more debatable. This ments is more debatable. This year their record looks reason-ably good. Only three of the 13 privatisation stocks — Amer-sham, British Steel and British Telecom - have underper-formed the market. But their

record as safe and dependable defensive stocks is less persua-sive. Over half of the privatisation stocks have underperfrom stocks have underper-formed since the equity market peaked in July 1987. A giant utility, like British Telecom, is never going to keep up with the go-go stocks in a bull mar-ket, but it should outperform in current bearish conditions

- and it has not.
Similarly, the longer term record of individual flotations is extremely patchy, especially if one assumes that they were underpriced when they were

WESSEX STEALS A MARCH

■ WESSEX, one of the smallest of the water companies, has effectively stolen a march on the other nine by winning a prestigious flotation, writes Richard The Government and its

advisers are anxious that all 10 former water authorities should have no special advantages at flotation, and process has sought to make them look as equally attractive as possible to potential shareholders. The chairmen and senior executives have even been instructed not to give interviews that would entail "selling" their company more than any other. Now Wessex, which prides

itself on its use of high technology, particularly in dealing with customers' queries and problems, has been highly commended in the annual awards of the British Quality Association, to be presented in London next Tuesday. The citation is for the company's "achievement in utilising modern technology to provide an excellent quality of service to the customer, and for its commitment to high standards of performance." The awards scheme was launched in 1984 by the BQA

to give a practical impetus to the Department of Trade and Industry initiative for improving the quality of British-made goods and services. Wessex is among the first service organisations to receive a top award.

However, the chances of sbareholders in privatisation issues being bought out at fancy premiums are very rare. There is always a possibility that stocks such as Amersham,

> overs are unlikely to be permit-ted even by this Government. Investors should remember that there is a very big differ-ence between the Government's interest in the flotation being an initial success and its concern for the long-term health of the company. The regulatory goal posts can, and have, been changed, to the det-riment of British Gas and British Telecom; quasi-monopolies often have less incentive to cut costs than companies which operate in the international

> Finally, there is always a danger that newly privatised companies will want to spend large amounts of their share-holders' money on question-able diversification moves. Privatisation stocks are a good short-term bet, but a much more questionable long-term

market place.

A THE STREET CONTRACTOR OF THE PARTY OF THE STREET STREET, WHICH AND A STREET STREET, WHICH AND A STREET STREET, WHICH AND A STREET, WHICH A STREET, WHICH AND A STREET, WHICH A STREET, WHICH AND A STREET, W

了E ALL dream of having the open road to ourselves in a fast car. The reality of everyday motoring is that we spend most of our time driving in town or, at any rate, slowly and haltingly in traffic. In these conditions, size can be an embarrassment and the constant declutching and gear-shifting of a manual car an unnecessary chore.

What we really need for these conditions, although at present few seem to appreciate it, is a small, well-equipped and nimble car with automatic transmission. In short, something like the latest version of the Lancia Y10, the Selectronic, which goes on sale in Britain early in the New Year. The Y10 has been around for

more than four years. It has never made much of an impact in Britain although it is the fourth-best selling car in its native Italy. There, the only car more popular in the "B" segment (motor industry jargon for the supermini size and price class) is the Fiat Uno. Why hasn't the Y10 done bet-

ter in he UK? It had a lot going for it Lancia is a distinguished old name and the Y10 is almost as parkable as a Mini because it is the shortest car in its

It has quite a luxurious inte-It has quite a inxurious inte-rior. Two full-sized people sit in it very comfortably and four squeeze in reasonably easily because the roof line is high. And it looks different, with a Victorian cheese-dish profile from dipping bonnet to sharply sawn-off rear end. Prices have been competitive, too: Y10s are

listed from £5,696 to £7,420.
Perhaps it looked just too distinctive, so that potential Y10 buyers turned to cars like the Metro, Fiesta, Citroen AX, Nissa Micra and VW Polo instead. Yet, it could so easily have taken the place of those dark-windowed, fat-tyred and tarted-up Minis that the bright young things of the Swinging Sixties drove around London's West End. Their children could have been driving Y10s (and getting them wheel-clamped)

Perhaps it is the original swingers' turn again. Now mid-dle-aged, they know an automatic makes sense for town driving and could be persuaded

into a small but stylish Y10. But the Selectronic transmission is not one of the conven-tional kind, which has a threeor four-speed, self-changing gearbox linked to a hydraulic torque converter. It is a contin-uously variable transmission, with the drive taken from engine to front wheels by a belt of steel links running over a pair of pulleys which change

B.M.W.

AUTHORISED

DEALERS

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Automatic and agile

Lancia's Selectronic boasts a big personality, says Stuart Marshall



The Y10 Selectronic . . . relaxing to drive around town

diameter according to the

driver's demands.

The principle is the same as that of the DAF Variomatic of more than 20 years ago, which has been developed into the more sophisticated, continuously variable transmission (CVC) available in the Ford Fiesta and Fiat Uno. The differ ence between the Ford-made CVT used in the Fiesta and Uno and the Y10's is that the Lancia system is Japanese. It is made by Fuji Heavy Industries, is available already in the Subaru Justy, and incorporates

an electro-magnetic clutch. This clutch is used only for taking off from a standstill and is completely automatic. All the driver does is press the accelerator and the ECVT (electronically continuously variable transmission) takes care of everything. It chooses exactly the right

ratios for maximum accelera-tion, economical high-speed cruising, or anything in-between. Because of its effi-ciency, the two-pedal Y10's fuel consumption is only 3 per cent heavier than one with a normal five-speed gearbox. (Usually, small-engined, two-pedal cars are anything up to 10 per cent thirstier than their manual equivalents). And it has

ual equivalents). And it has slightly better acceleration. There is another benefit. The magnetic clutch means that the Selectronic is the only two-pedal car I know that doesn't try to creep forward when you stop in traffic.

I drove the Y10 Selectronic last week in the south of

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above thinking of me as dying and

so help me to live" - words from

one patient quoted here in

thanksgiving to you for your very

Sister Superior.

kind support.

MOTOR CARS

steep hills.
The Y10 Selectronic is powered by a 1.1-litre, fuel-injected Fiat FIRE engine. (FIRE stands for fully integrated robotised engine: it is made almost without human hands coming near

A sensor, such as that used on engines with catalytic converters, analyses the exhaust ses continually and adjusts gases continually and adjusts the fuel system to provide the leanest, least-polluting petrol/ air mixture. An average con-sumption of about 48 mpg (5.8 1/100km) is claimed, rising to 40 mpg (7 1/100 km) in town traf-fic. But you have to get used to the engine running up to marin the engine running up to maximum revolutions when accelerating hard from a standstill, and then waiting for the car's

Around town, the two-pedal
Y10 is relaxing rather than
fussy to drive. On the motorway at 80-85 mph (130-140 kmh), though, the engine growls like a Jack Russell catching sight of next door's

The Selectronic has a height-adjustable steering wheel as standard. The UK specification has not been settled yet, so I cannot say how many of the items on the options' list will be included. Among them are suede-like Alcantara seats, power-oper-ated front and rear windows, sun roof, and a heater with automatic temperature control. Having two-pedal transmis-

sion is expected to make a Selectronic cost 7-8 per cent more than its manual gearbox equivalent, the 1.1 LXi.e. That suggests a UK total of about £7,250 for this small, easy-todrive car with a big personal-

Branch managers battle it out

Robin Lane Fox watches a balancing act on some favourite trees

been the scene of a remarkable balancing act recently. I sit and watch while one party tries to fend off foreign raiders, keep a dangling bunch of deli-cacies just out of everyone's reach, and avoid being knocked off its perch by gusts beyond its control. This is a merry old drama which happens quite often; by next month it will probably be over. In case you wonder, all this has nothing to do with the Chancellor of the Exchequer in action. It is the yearly battle for berries on particular trees - a battle fought between the - a battle fought between the blue tits and the blackbirds, the wind, and the weight of the branch. Not until late Novem-ber do the participants set about this tussle. The black-birds balance on the young branches, beat off the tits and

just fail to catch the terminal cluster of berries as the wind blows it out of their grasp. All economic life is summed up in the struggle. So long as there is a foreign breeze, the berries survive until Christmas,

adding to the charm of the trees that produce them.

These trees are sorbuses, a family which can look rather curious in an English land-scape and has a slightly dubious reputation among keen country gardeners. I have heard them dismissed as suburban, as if there is anything wrong in growing well on the edge of town. Some people think they are common old mountain ashes and cannot see the quality for the more ordi-nary sorts; the doubters ought to have studied last month's exhibits at the London RHS shows where sorbuses from China, America or Kashmir were shown in full berry and

out of the reach of blackbirds.

bought as maiden trees at a knockdown price the week Chamberlain flew to Munich

were the first to be replaced because, once they had rooted down freely into my poorly drained sub-soil, they fell hope-less victims to canker and

They were replaced with a

miscellary of varieties includ-ing the delicious Ashmead's

Kernel, with a lightly russetted

There are two fine half-stan-

A K Q 10 5 3

At game-all, South dealt and

pened with one spade. Don't

look askance - the bid is quite

correct. North replied with two no-trumps (the Baron response) which is forcing and

dards of Crimson Bramley that

This year, my particular

experiment has been the neglected sorbus Americana. It is an easy tree that will grow well anywhere. I admit that the leaf looks rather feathery and the off-white fluffs of flower are a bit much in midsummer but the shape, vigour and berry of this variety are worth any gardener's respect. It was honoured with an Award of Merit in 1950 but, since then, gardeners have hared after new varieties and

forgotten it.

My aim is to develop a line of Americanas against a 6ft stone boundary wall where their narrow, upright shape will rise above the height of the wall without obscuring the the wall without obscuring the light and stopping plants from growing underneath. They are not big trees, and they are not the best sorbus for a single specimen, but they are a promising idea for a group or a short line — lightly-clipped, perhaps — which could run between two different sections between two different sections of a smallish garden.
As a specimen, there is a

As a specimen, there is a charmingly-named new variety. Chinese Lace, and I would like to be able to report honestly about it. It had the misfortune to find itself planted where I later decided on one of my periodic bouts of bulldozing. The aim was to level some much grass shape an adjoinrough grass, shape an adjoin-ing low bank, and remove the bumpy platform of turf that disfigures an open space where I have long-term designs on a modest green theatre, edged in box bushes.

Potential bulldozer men swarmed optimistically at the rustle of tenners in an enve-lope: one of them even went so far as to stake out the exact limits of the job and obliged me to transplant Chinese Lace to a temporary home. It moved off to a very damp, very rich heap of manure and leaf mould



in light shade. The bulldozer man might well have moved to its human equivalent as he

ever re-appeared. Others took his place; but despite many protestations of good-will, two thoroughly Irish racing tips (both came last) and a promise of action as soon as the weekends were free. none of them came back, either. We missed the most perfect going this century for a summer bulldozer. Chinese Lace, meanwhile, stays on the muck heap.

Anyway, if in doubt buy sor-bus Joseph Rock and rely on it. None is better in its class and, personally, I can never think of a better genuinely-small gar-den tree. It grows anywhere to about 12-15ft, will not shade a flower bed too heavily, has prettily-cut leaves and produces a mass of small, yellow berries that most birds find inedible. It dies away in the most brilliant red-brown autumn colour. I have clipped and pruned standard trees of it into a slightly formal walk, with great success.

That said, my own Joseph Rocks are also about to have a disturbed winter. I put 20 trees in the outer walks of my fivebranched short avenues, which were to be shaped like a goose-foot on the French model (and are mentioned intermittently

in this dumn). Potential owners of sun avenues need to be warned but they should not mix twelvpes of tree with leaves of different shapes. Feathery Joseph Rock has looked dul beside the bright.

looked dul beside the bright, glossy-gren leaves of the admirable flowering pear Chanticleen The pear is better for the joi and, for once, Joseph Rockwill have to move away from sperior company.

Among this grey-green sorbuses, the ealest is Hupehensis, and I have used it effectively as a tre among hedging of tightly-clipted yew. It rises out of the yet and competes with that greed plant so long as you sink a heet of corrugated iron (alsolid plastic would probably work, too) in order to block the yew's roots from spreading a the sorbus's patch of ground.

Yew hedging the be planted

Yew hedging ch be planted more widely (at lest 3ft apart) than impatient gadeners realise. If you protect ine of these grey-green sorbuse by sunken ramparts, it will row quite quickly and, in tim, the yew will branch across its trunk so that it emerges from a dark-green curtain. Nobed can con-fuse sorbuses of such quality with a common rowan, although I like rowans as well. If you want the best berries of all, you have to wrap your tongue round one ciled sorbus Pohuashanensis. This is a Chi-nese form with upright branches that grew into a thick heaf about 30f high. It is robust and very easy and, once you have seen it smothered with the usual buncles of red berries, you will wonder why birds deam of anything else. It is beyond even a belancing blackbird to strip it. But gar-deners still ignore it, and t sup-pose the only good reason has something to do with its truly dreadful pame.

Small wonders from Japan



JAPAN'S - and especially Tokyo's — hor-rendous traffic congestion has

spawned a whole breed of tiny cars. The idea seems to be that if you can't build more roads in urban areas, you can make better use of those you have by driving smaller vehicles.

France. Even in November, the

Promenade des Anglais in Nice was full of aggressively-driven

Being first away from the lights seems to be an obsession

with local motorists. The little Lancia must have surprised

quite a few of them by leaping away so smartly that it left

away so smartly that it left them standing. In the hills, the extra "L" (for low) setting on the selector lever came in handy. It pro-

vided extra braking on sharp down-grades and kept the

engine spinning faster than normal for faster progress up

About 1m of these scaled-down hatchbacks are bought by Japanese motorists, 60 per cent of them women, every year although none is exported. (You see all kinds of cars in Japan, from these tinies to VIP limousines and fireare unknown elsewhere). Typical of these mainly-for-

women runabouts is the Mitsubishi Minica range of 15 different models of three-door and five-door hatchbacks, plus one with two doors on one side, one on the other. This, quaintly, is called the Lettuce. Not because it's ideal for nipping down to the greengrocer (even though it is). The name is taken from "The Lettuce Club" magazine, published by the Japanese Seiyu supermar-ket chain. In Seiyu stores, the Lettuce car is sold, mainly to housewives, along with the bean curd, green tea and noo-

The Mitsubishi Minicas. like those of other manufacturers such as Toyota, Honda, Nissan, Subaru, Daihatsu, Mazda and Suzuki, belong to a market sec-tor called kei. It is unknown outside Japan but kei refers to light, four-wheeled vehicles with engines below 550cc cylinder capacity. That is just over half the size of a British Mini's

engine. Prices start from as little as Y500,000 (roughly £2,300) and owners pay only Y7,200 yen (£32) annual registration tax on them. By comparison, a typical two-litre family-size car, such as the Nissan Bluebird, costs £204 to tax. A really big car, such as the Mercedes 500SE, which is increasingly popular among Japanese executives, costs about £504 a year.

were completely unrestricted in Europe, the kei class could sweep all before it. Not only

are they exceptional value: they are also tiny technological masterpieces. But don't run away with the idea that Japan's idea of a cheap, small car is necessarily basic. Quite the reverse. The ket cars may UST OVER 50 years ago I planted three little apple orchards, hoping they would help to pay for my new garden. They never did: but during the war years, and for perhaps a decade afterwards, they probably paid for themselves. And they certainly provided me with a lot of interonly have two- or three-cylin-der engines but they are brim-ful of features that in Europe are confined to high-performance, up-market models.

Take the Mitsubishi Dangan provided me with a lot of inter-

est plus plenty of fruit.

Thereafter, the standard of commercial apple-growing increased so greatly – mainly because of improved pest con-ZZ. Dangan means bullet in Japanese, and it's a fair description of this pint-sized wonder car. Its three-cylinder engine has twin overhead camtrol - that it became increas-ingly difficult to sell any fruit shafts to operate its 15 valves, fuel injection, a turbo-charger and inter-cooler, and develops that was not completely free of blemish. With my limited impossible to compete.

No-one wanted to buy the 7,500 revolutions a minute. Anyone who really knows about cars might find it hard to believe that such mechanirelatively small quantities of miscellaneous apples that I grew, and so it was not long

cal sophistication can exist in a cheap (about £4,600) runabout. before I completely abandoned all idea of getting any financial Nor is that all. The Dangan - and lots of kei-class rivals from other makers - can be return from the trees. But I never even thought of grubordered with automatic transbing them up, except to the extent needed to deal with dismission, four-wheel drive and power steering, too.
Although the typical Japa ease and decrepitude.
The Cox's Orange Pippins I

nese *kei* class minicar is only 2-3ins longer than Britain's 30-year-old Mini, it does not mean they are shoebox-sized inside. At 6ft 2in, I can get behind their steering wheels because they, too, are tall and fairly thin. You sit quite upright, your head nowhere near the roof. I have driven a Dangan containing four normal-size British adults (well, three normal ones, plus me). And when I folded down the back seat, there was space to carry two sets of golf clubs plus trolleys.

downtown Tokyo's Ginza or outside clubs and restaurants

Kernel, with a lightly russetted skin of a lovely brown colour and a sweet and juicy flesh.

Red Ellison was among that list - another apple I have been enjoying recently — and also Rev. W. Wilkes, a cooker that is as satisfying when baked as it is handsome on the tree. Other replacements followed; but dozens of the original Perhaps the ultimate conve-nience package for town driv-ing is the Suzuki Alto. It has a big sliding door on either side and a driving seat that swivels 90 degrees so you step straight on to the pavement. The price: but dozens of the original planting remain and, collec-Y727,000, or £3,300. It's just made for driving tively, they give me as much pleasure as anything in the and especially for parking - in

in the Roppongi fun-and-eating quarter. One could see it being spread out over the hedge and into the farm lane and are a gorgeous sight in spring, since Bramley blossom is as large snatched from showrooms by Londoners if ever it went on and well coloured as that of any apple. It is just as eye-

♠ Q J 10 6 ♥ 8 ♦ Q 8 5 2

Over 50 but still fruity

Arthur Hellyer continues to enjoy his pre-war apples



A West Country orchard, photographed by James Ravillous

catching for a considerably longer period in autumn when

weighed down with enormous crops of deep-red fruit. There is also Crawley Beauty, a forgotten local apple with exceptionally wide spread-ing branches. It is impossible to accommodate in commercial orchards, but it is the last apple to flower and one that is almost always wreathed in bloom well into June.
It is also a very reliable crop-

per because, by the time it flowers, all danger of frost is over and there are plenty of bees flying to pollinate it. Crawley Beauty must be highly self-fertile for there is no other apple blossom left to cross-pollinate it. The fruits are red and very beautiful but, usually, there are so many of them that they do not grow to sufficient size to be used much

for cooking.

I like my apples baked, and for that I need big fruits such as those of Bramley seedling, Newton Wonder or S. T. Wright, the latter a forgotten

apple of astonishing productivity with an unusual weeping the sap from rising too strongly and so ensures plenty of fruit buds all over. Every good grower knows that you can get an apple tree into bear-ing much more rapidly by hanging weights on the tips of the branches, so pulling them down, than by any known method of pruning.

There are lots of other old

names in my little orchards; Lord Lambourne, a delicious, trouble-free eating apple; Annie Elizabeth, a martyr to canker which has escaped grubbing only because it is anchored so firmly into the

soil; Brownlees Russet; Cutler Grieve; Gdden Spire, a little scented apple named Forge (a local variety, I believe, for I have never seen it anywhere else) and chers with names I have forgotten.

I write about them today because I have just received a little book caled Orchards published by Common Ground, 45 Shelton Street Covent Garden, London, an oranisation which exists to promise the old and familiar. Neil anden has contributed several articles to it and others come from Francesca Greenoak, loger Deakin, Rebecca Hubban and Joen Morgan.

The photograps, all from the West Country and all by James Ravilious, make me realise that my little orchards at 50-plus are still quite young and really are cared or rather well. But then, I at a gar-dener, not a romanti and it hurts me to see any pant left to become derelict of devastated by neglect and dis Quite a lot of the pleasure I get from my orchards omes from the annual pruning on which I have embarked once

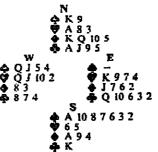
It is not the kind of pruling that any commercial grover would try, indeed, none would attempt any pruning of sich old and miscellaneous tres. but would drag them out in a jiffy and replace them with a couple of sensible varieties grafted onto dwarfing root stocks that would avoid most of the labour I must now

tackle. Yet, I do enjoy pitting my wits against these trees, each so different in the prollems with which it presents me and finishing up with something that seems to me to be beautiful. In this search, I and the producers of Orchards stare

If ever sales of Japanese cars

FULL RANGE OF 1990 SAAB MODLES AVAILABLE CLASSIC CARS

BOTH MY hands today are slams and come from rubber bridge. Look first at this:



With North-South vulnera-ble, South dealt and opened with two hearts. North replied with three hearts - which announced trump support and at least one ace - and South re-bid three spades. North now said four clubs. South said four no-trumps and went six hearts when North showed two aces by his response of five hearts. That ended the auction.

West led spade queen. Taking with his ace, declarer made his ace of hearts, crossed to dummy's ace of diamonds and

Bridge

returned the nine, which he ruffed high. Drawing the last trump with his king, South cashed his spade king and crossed to the nine of hearts to ruff dummy's last spade. With the elimination com-

plete, South played his club queen and ran it when West played low. This held, and South continued with the knave. West covered with the king, dummy ducked and East showed out. West was trapped. A club return runs into South's split tenace; a diamond or a spade concedes the ruff dis-

If East has the club king, you say, what happens? If the king is singleton, East is endplayed; if he can return a club, the declarer plays the nine. If it wins, no further problem; if West covers, the suit has bro-

shows 16+ balanced points. South re-bid four spades and North raised to six. ken.

Now for the second slam: Taking with dummy's ace,

returned to the diamond queen and discarded his losing heart on the ace of clubs. He ruffed a heart and led a spade. When West produced the four, he finessed dummy's nine. When this held, he made the king, ruffed a heart, drew West's spade knave with his ace and graciously conceded a trick to the queen. The finesse of the nine of spades is a safety play against

losing two trump tricks and ensures the slam. If the nine loses to East, the declarer can pick up the outstanding trumps with his king and ace. if East has all four trumps, South is still in control. He wins with dummy's king and returns the nine. Whatever East does, he can make only

one trump trick.

| Bridge International has been taken over by Pergamon Press. A sample issue is avail-able in January to any reader who sends 50 pence in stamps to Pergamon Chess, Railway Road, Sutton Coldfield, West Midlands B73 6AZ.

E. P. C. Cotter



"In my heart I knew this was the final blow."

When the notes will not come as easily as they used to, it isn't just the music that suffers. After a life-time ised to, it isn't pust the music, then sumers. After a me-time of giving pleasure to others, the musician can find his or her career and livelihood ending on a sour note. So often with only a small pension to fall back on, he or she faces

A guit to the Musicians Benevolent Fund allows to to halt that slide and mise the spirits and living standard of those musicians who deserve a better reward. Or, even better, why not remember the Fund a your Will in that way your love of music will live on for others to enjoy.

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فكذاصه الأصل

TRAVEL - SKIING

N FRANCE snow is called l'or blanc - white gold - because of the way it has belped make the Alpine ski stations so lucrative in the past. But for the last two seasons the name has been merited for another reason. Quite simply, snow in European ski stations has been as precious as gold.

In January, putative skiers were playing golf at Megève while in Mor-zine it was possible to climb into the mountains to collect flewers. Until March, conditions in many resorts were often atrocious - ky, rocky and dangerous. Clearly, the biggest prob-lem facing European skiers is that the shortage of snow may be permanent.
At the end of last season, there were rumours in resort hotels and bars that the global warming caused by the greenhouse effect had already taken hold of the winter excepts which the processes which is the processes which is the winter excepts which is the winter except which will be winter except which will be with the will be will be with the winter except which will be with the will be wi preenhouse effect new autors, hold of the winter seasons making them warmer and drier.

However, the jury still appears to be out on global warming's effect on the European skiing industry. In spite of using supercomputers, the scientists who try to assess the impact of the greenhouse effect on various regions continue to face considerable problems and are far from confident about making precise predictions. Few climatologists are prepared to predict what will happen in the Alps, especially because the region has so many micro-climates.

The least that can be said is that

two years of poor snow do not necessarily make a trend. At a conference held last month in Grenoble, by the French Service d'Etudes et Aménage-ment Touristique de la Montagne, it was pointed out that there have been was pointed but that there have been similarly dry and warm winters in the past. In 1913, for example, shepherds were still grazing their sheep above 2,000 metres at Val d'Isère during Jan-

But even if the chances are that the snow will be good this year, some ski station managers are not trusting nature alone to guarantee skiable pistes. Instead, they are investing heavily in programmes to alleviate the risk of poor snowfalls - investment programmes which may prove attractive to those skiers who have wrecked two pairs of skis in as many years and remain pessimistic about the chances of decent snow appearing naturally this season.

One of the responses to the lack of natural snow has been to manufacture it. Last season a number of resorts, such as St Moritz, l'Alpe d'Huez, the Trois Vallees and those in the Dolomites, were able to keep peo-ple skiing only because of snow-mak-

After the experience of last year, suppliers of snow cannons say that many managers of ski stations invested during the summer in equip-ment to make artificial snow. Much of this investment has been concentrated in Italy, particularly in the Dolomites. The Italian ski industry magazine Quota Neve estimates that Sestriere now has 25km of pistes with snow cannons, and Courmayeur has



The cannons are primed for winter battle

Paul Abrahams looks at the steps taken by European resorts to combat lack of snow

The French ski stations appear to have invested less in snow-making equipment this summer. Joel Derast, head of sales at York, the Lyons-based manufacturer of snow cannons, says this is partly because the communes running the resorts have had two sea-sons of poor financial results and are now deeply in debt, and partly because of this summer's municipal elections: mayors were unwilling to commit themselves to large investment programmes before submitting themselves for election. Nevertheless a number of stations, such as Les Arcs in the Tarantaise and Morzine in Haute-Savoie, have put in systems during the summer.

Swiss and Austrian resorts, says Deract, have been even slower than French ones in installing snow-making systems because of the difficulties in obtaining planning application.

The purpose of snow-making machines is to increase the length of

the skiing season. In theory, it should be possible to create a base during the cold nights of November and Decemcoin nights in November and December before the first natural falls. This should reduce the chances of natural snow melting when it does fall and improve the quality of the pistes, covering stones that can all too easily gouge the bottom of skis and cause accidents. In addition, the snow cannons should be able to lengthen the skiing season well into May. However, skiers should be aware

that the existence of snow-making equipment in a ski station does not guarantee good skiing. Many of the resorts with such installations have poor snow records anyway, and although skiing on man-made snow may be better than skiing on rocks, it can be hard and unforgiving.

One final point worth making about snow cannons is that they are only able to operate in certain conditions. The cannons work by pulverising water as it is passed through tiny nozzles. The water droplets are sprayed out into the cold air where

they crystalise into snow.

The problem is that this crystalisation process only occurs at low tem-peratures and when there is little humidity. The snow cannons need temperatures of at least -2°C with less than 60 per cent humidity, or -4°C at 100 per cent humidity. Otherwise, the snow does not form, or it melts again before hitting the ground. A study by the French Centre National de la Recherche Scientifique showed that the chances of the right combination of humidity and temperature occurring during November and December in the northern Alps were

almost as low as natural snowfall.

Another area where ski station managers are investing is in laying grass on the pistes. When the purpose-built resorts were built in the 1960s and 1970s, the pistes were cre-

SKIING

ated by bulldozing the mountain sides

into shape.

This had the effect of burying what little top soil existed and bringing sterile ground to the surface. The effect of this sterilisation was to create large tracts of land on which there was no vegetation. This was not only unsightly during the summer - inci-dentally doing little for the non-skiing tourist trade - but also affected the winter snow cover. Snow is far more likely to remain on grass than rock because the grass provides a layer of insulation between the warm ground and the snow.

At the technical session of the Salon International de l'Aménage-ment en Montagne at Les Arcs this September, one of the most keenly watched demonstrations was that of rock breaking equipment, which breaks up stones before humus and grass seed is sprayed on to the slope. More than 50 km of piste at Les Arcs has been treated this way. The manufacturers claim that by laying grass the resorts can increase the skiing life of a run by about three weeks at the end of the season.

end of the season.

One final method of increasing the possibility of skiing during dry and warm periods which is being investigated by resort managers is to invest in large-scale lift projects. This is based on the principle that if it is impossible to get the snow to the skiers, it should be possible to get the skiers to the snow. The idea is to increase the capacity of the lift system to take people high into the mountains, where snow tends to be more plentiful. more plentiful.

The most obvious example of this

The most obvious example of this has been the series of installations of funiculars in French resorts such as Les Arcs, Les Deux Alpes, Tignes and Val d'Isère. These mountain railways used to be viewed as outmoded because of their cost. However, they remain one of the most effective methods of transporting people high and quickly. The larger resorts are also investing in other systems such as bubble lifts and detachable chair

in conclusion, then, those pessimists or realists choosing a resort for December and early January in the expectation that there will be little

ow should: ■ Choose a resort which has extensive skiing at above 2000m, or even

sive skiing at above 2000m, or even glacier skiing.

Look for stations with a good ratio between lift capacity (normally expressed in thousands per hour) and number of beds in the resort on the basis that if skiing is limited to the higher slopes, the lift system can take you there quickly without too much queueing. This information can be obtained from the information department of the Ski Club of Great Britain ment of the Ski Club of Great Britain

(Tel: 01 245-1033).

Consider choosing a resort which has snow-making facilities, while recognising that such systems may not be able to function in unsuitable ■ Take an old pair of skis and some

Making the going easy

Martin Dickson finds a handy way of hiring skiing gear

HIRING SKIING equipment usually one of the least
 enjoyable parts of a holiday
 could become easier if pilot schemes under way in the French resort of Meribel prove successful. For the two schemes, run by rival UK companies, each allow the experienced skier to hire equipment in Britzin, but take delivery of it at the resort.

Snow and Rock, the equipment retailer, was first in the field. It set up its service, which is limited to three types of racing or intermediate skis, last year and hired out 500 sets. From the start of this season a similar scheme, with a wider range of skis, will be operated by Airport Skis, the UK rental group, in conjunction with Ski Cocktail, a Meribel ski school which specialises in English-speaking clients.

There are normally two drawbacks in hiring equipment when you get to the resort. The first is long queues in the local rental shops on Saturday and Sunday change-over days as everyone

on to the piste.

The second is the dubious quality of some of the equipment: skis that are in the twilight of their natural lives, with rather less edge han a scaffolding pole.

Until now the alternative (apart from owning your own equipment) has been to hire good skis in the UK and take them on holiday with you. It was to serve this market that Airport Skis set up shop at Gatwick Airport nearly five years ago, and very successful it has been.

Last season it did 15,000 rentals from its outlets at Gatwick, Heathrow, Manchester, Dover and elsewbere.

The disadvantage of hiring in the UK is that you then have to lug the equipment all the way to the resort, fighting your way through the pandemonium of Geneva or Munich airports on a Saturday

The new Meribel pilot schemes solve this problem. The skier chooses and pays for his equipment in Britain whether through Snow and Rock or Airport Skis – and the company then sends a message to its office in Meribel, which sets aside identical, properly serviced equipment for the holidaymaker. In the case of Snow and Rock, the skis are delivered to your chalet, while the Airport Skis equipment has to be picked up from the Meribel offices of Ski Cocktail

Robert Jaffe, founder of Airport Skis, says that, quite apart from convenience, it is much cheaper to hire skis this way than in the resort. A pair of test skis costs £39 a week to hire through his company, which is well below the local cost. (However, his skis are aimed at the middle of the market and his advice to beginners is to hire locally).

To run its scheme, Airport Skis has set up a joint company with Ski Cocktail, an innovative ski school which has broken the monopoly of the official Meribel school by adopting a more entrepreneurial approach.

Similar change could now be under way in equipment rental, which is a huge and very conservative market. Airport Skis, for example, says that at present it only accounts for 2 per cent of the British ski rental market.

But the figure could grow substantially if the Meribel experiment is successful. Airport Skis and Ski Cocktail are already talking about opening offices in other French resorts, while Mike Brown, who heads Snow and Rock, also hopes to expand elsewhere eventually. However, he says his scheme met considerable "political problems" in Meribel, upsetting the local business

Certainly, the new competition will be a shock to many local rental shops, forcing them to compete more aggressively. And that should benefit the consumer. In the long run, says Jaffe, "we could improve standards across the Alps."

Deadly cakes cooked here

lanches and crevasses. When you're staying in a chalet in a pretty Swiss village like Champéry, there is a danger: Rosie's cakes. When she is in the kitchen, no-one is safe.

You must at all costs avoid returning too early from the slopes or your waist line is doomed. For every calorie you may have sweated off in the mountains, there will be a hundred waiting patiently to ambush you as soon as you slump into a comfy kitchen

Afternoon tea, as taken by Britons in Swiss chalets, is the single most insidiously gratify-ing facet of a skiing holiday. It is an integral part of chalet life, and after an exhausting day's skiing nothing could be

day's sking nothing could be more tempting.

Rosie – pink-cheeked, droll and homely – and other chalet girls like her, can make or break your skiing holiday. She was handpicked by Andrew Dunn, a personable young man who started Ski Scott Dunn only four years ago and seems only four years ago and seems to epitomise all that is good about the small tour operator (Dunn himself is 6ft 3 ins).

Ski Scot Dunn operates in Champery, Gstaad and Zermatt and like many tour operators has jumped on the American bandwagon by offering ski hol-idays to Jackson Hole, Wyom-ing. "Your chalet will be

ing. -rour chairt will be treated as your home by our staff," he tells chents.

Champery is a delightful old village at the Swiss end of the huge Portes du Soleil area which takes in 15 ski resorts along the Franco-Swiss borde between Geneva and Mont Blanc. From the skiing area there are dramatic closeups of the beautiful Dents du Midi, those superb mountains which provide such an enthralling backdrop to the southeastern

end of Lac Leman. Les Portes du Soleil is named after the mountain pass linking the Valais with Haute Savoie above Les Crosets, where the sun's first rays before bathing the val-

lev of Illiez. Champery is a gateway to 435 miles of pistes across 12 valleys and 24 mountains served by more than 220 lifts, arguably the biggest linked area of its kind in the world. An average intermediate can ski the main circuit - Avoriaz, Les Crosets, Morgins, Châtel and back to Avoriaz - quite comfortably in a day.

A keen skier who gets a

∕~

of the 15 resorts, although this might mean missing lunch. This would be a shame because there are some splendid mountain restaurants dotted around perticularly in the Linga Valley. Slightly further afield there is a wonderful clutch of restaurants in the Ardent Valley near Montriond. We ate splendidly at Rhodos.
Officially, passports are not required since the Solail circuit

is also known as "le ski sans frontières," but on very rare occasions a skier may be asked occasions a skier may be asked by a customs officer to empty the contents of his knapsack. Smuggling is not completely unknown, with meat, chocolate and spirits finding their way from France into Switzerland. Sometimes skiers trying to find their way across the bor-der from Avoriaz can find it tricky. It is essential to leave ricky. It is essential to leave plenty of time, especially if you are contemplating skiing the feared Chevanette or Swiss Wall to get you back to Swiss territory. The long ascent from Avoriaz on a cold, murky, late winter's afternoon is daunting. And since my skiing compan-ion was exhausted after unex-pectedly poor visibility and deep, fresh snow had turned the Alpage descent to Avoriaz from a red into a stiff black, we

decided to cut our losses and stay the night there. It was reassuring to find our-selves safe and warm in the bosom of this bustling, spaceage French resort. But by the time we had slipped into something more comfortable than our unwieldy ski suits and boots in order to enjoy a restrument med the cent of hour taurant meal, the cost of buy-ing casual clothing and train-ers was probably as much as the long taxi journey back to

Champery.
However, having made a temporary home in the Cafe Le Tavaillon, where Paul Gilbert, the proprietor, took pity on us, we finally scromged beds for the night from a couple of generous Bladon Lines reps, and were up bright and early to ski back to Switzerland. The Wall down to Les Crosets was not in widow-making form (in fact its reputation is far worse than the reality) and we finally returned shamefacedly to our chalet. Naturally, according to our group, we had missed the best day's skiing and the best dinner and the best party. Ski Scott Dunn is at 17 Aynhoe Rd, London W14 0QA.

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Diggers beat the pile-drivers to expose Southwark's rich history

Gerald Cadogan reviews a decade of archaeological finds and speculates on what lies ahead

ISCOVERY of the Globe and vintage year for archaeology in the London borough of Southwark, to which the Financial Times moved a few months ago. But not a unique year. Throughout the 1980s, many remarkable finds have given the area south of the river a new history as re-development has quickened and the diggers from the Museum of London's department of Greater London archaeology have trow-elled away ahead of the pile-drivers and concrete-pourers.

The work will carry on long into the 1990s as more developments begin. But here is a guide to what the archaeologists have found in Southwark this decade and what they will be looking for in the next. (It includes the developers' names because none of this would have happened without their co-operation and funding).

The river is where the story starts. A natural route and source of food, it needed bridging and it flooded. North Southwark began as low gravel islands (eyots) in the flood plain. Now mapped as a result of the digs, they explain why the Romans chose to bridge the Thames a little downstream

of modern London Bridge.

That is the most northerly point of the islands' "high" ground and made the shortest crossing to the city (Londinium). Another advantage was that the approach from the south, now Borough High Street, was on this "high" ground. So, the Roman settlement grew around the bridgehead.

Top of the 1990s' list of questions will be: Did anybody use the south side of the Thames before the Romans arrived in 43 AD? Neolithic, Bronze Age and Iron Age clues found in the Southwark mud in the past few years suggest there will soon be a complete re-think of the history of earliest London. The evidence? Digging in 1987 at the Bricklayers' Arms railway yard (Ideal Homes) produced Neolithic flint axes 4,000 to 5,000 years old, and a wooden platform that might have been a landing stage or trackway or used for fishing.

More exciting still are the 1988 results from Phoenix Wharf on Jamaica Road (Lister Developments). Parallel marks on a sand and gravel island made by an ard (an early plough) of about 1200 BC are the st clear evidence of crop farming in south-east England. Now, we can be certain that pre-historic people were living and farming right by the Thames. They were also burying their dead in the area, for a ring barrow has been found just east of London Bridge.

The settlement probably continued right up to Roman times. There are Iron Age remnants at 15-23 Southwark Street (John Lewis, Courage and Mecca) and on part of the Courage brewery site (Southwark

TOKORA WAS a

could, when not high on canna-

bis or rice wine, recount excit-ing tales of life among the ele-phants. He was a *phandi*, an increasingly rare breed of man

increasingly rare breed of man who knew the art of catching and training elephants and was in charge of hunting elephants owned by my father, the Raja of Bijni. Over two decades, he caught around 100 elephants in the jungles and hills of the Brahmaputra valley.

In 1978, the future of phandis was cast into doubt when the

was cast into doubt when the Indian Government banned

elephant-catching in order to conserve the species. Wildlife experts in the states of Assam and Meghalay want the ban rescinded so that the fast-in-

creasing elephant population can be thinned-out and the

demand for working animals met. But the Government and the states are deadlocked over

the issue, mainly because of financial arguments, although there is hope that a solution can soon be found.

It was a special treat as a boy to visit the shikar depot

camps in the winter with the snow-clad Bhutan hills to the north. I remember the melodi-

ous chant of mahouts as wild elephants, harnessed to tame ones, received their training. The tradition went back thou-

Since ancient times, the tropical forests of north-eastern

India have been one of the chief sources of elephants -

whether for warfare, hunting, travelling, ceremonial occa-sions or timber operations. A trained elephant was a valu-

able multi-role asset which

could be used as a bulldozer, a Land Rover or, when decorated and caparisoned, as a Rolls-Royce for special occa-

twinkling eyes and an impish smile who

Council) a few yards from the FT's new

The Romans set about coping with the river. They dug drainage ditches and made timber embankments to control the water in the main channel and the inlets and to provide jetties. They built a bridge to take the traffic to London from their two major roads that met in Borough High Street: Watling Street, from Dover, and Stane Street, from Chichester, where King Cogidubnus had been an early ally (or Quis-ling) of the Romans. The roads were of gravel, laid on oak and alder logs where

the ground was soft.

Southwark probably grew as fast as Londinium, its neighbour across the tiver. The best recent find has been a large (11m x 4.5m) timber warehouse of about 100 AD at the Courage brewery site, which was then the river bank. Its unusually-strong oak floor, set on joists, could have handled the heavy amphorae of continental clive oil, wine and fish paste that have been found elsewhere in Southwark.

One jar of fish paste came from Antibes

(Antinopolis). Also from southern France is the red Samian ware. Some of that was in mint condition when discovered at 179-191 Borough High Street (Hastingwood Property), suggesting it had been unloaded right on the jetty there and was waiting to

e shipped on. Did Roman Southwark have a name of its own? Finding an inscription might reveal that. And what sort of settlement was it? Military? Civil? Or both? Did it have its own public buildings?

🦄 High ground

=== Roman roads

This year provided the first hint that the Roman settlement was planned on a grid system (like Londinium) when a road was found at Redcross Way (Southwark Council) which, if prolonged, would meet another road at right angles.

By about 100 AD, Southwark had grown to 32 acres or more and had acquired grand buildings, which could have been military. At 15-23 Southwark Street was a building with a courtyard 18m across and mosaic pavements. Five rooms with undergrand contral hosting (hypercontex) at mosaic pavements. Five rooms with under-ground central heating (hypocausts) at Winchester Palace, Stave and Rosings wharfs (Eagle Star Properties) belonged to a large building that might have been a bathhouse, again for the army. Late in the 2nd century came wall paintings in an architectural style known from Pompeii, enriched with gold leaf and expensive red

From the later 2nd century, Roman Southwark started to decline, except by the river. It was the same story across the river in Londinium. Why this happened is a great unknown. Digs reveal this period as a thick layer of dark earth, suggesting that market gardening had taken over. The river defences began to fall apart: the big, early warehouse was found lost in clay silt. Burials also mark the dectine. The Romans liked to bury alongside roads a fair distance outside towns, which is where the early cremations in Southwark are. But late inhumations are found as close in as 15-23 Southwark Street and the Courage brewery, where there had been buildings before. Much of Roman Southwark was abandoned. Although Southwark and Bermondsey are Saxon words, few Saxon remains have been found, and not nearly enough to match the documentary evidence. Diggers in the 1990s will be looking for any cranny where they have not been removed by later builders. Southwark Cathedral is a Saxon foundation, but we have known since 1977 that it is on top of a Roman shrine of a hunter god, and his dog, who protected the bridgehead as the shrine of St Thomas A Becket did later.

In the Middle Ages, medieval Southwark catered for travellers and traders heading for London. Borough High Street was crammed with taverns, including the Tabard where Chaucer's pligning set out for Canterbury. The Duke of Suffolk and the Earl of Surrey had town houses, as did the Bishop of Winchester. Between the FT offices and the cathedral is the great hall of his Winchester Palace. It is as big as Westminster Hall.

Tree ring dating gives a felling date for its oak beams of 1190-1235. The building could have been finished in 1224-25, when it took seven men 15 days to roof it with 7,500 tiles. The beautiful rose window is a 14th century addition.
. Winchester Palace has a magnificent

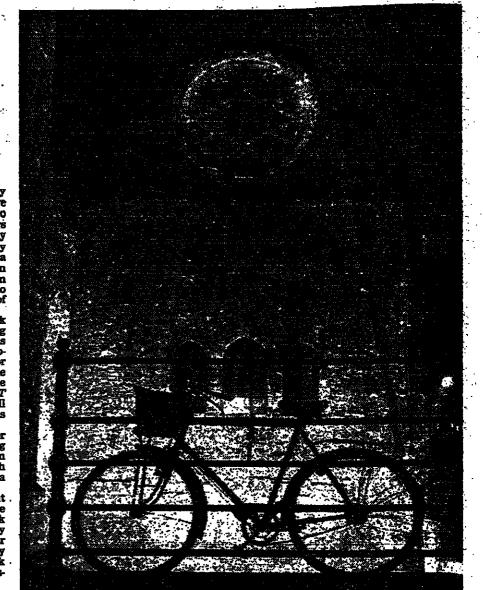
drain of Purbeck limestone – called the Great Gutter in records – which took kitchen waste out into St Mary Overy Dock for the river to flush away. Another good drain and latrine are in the infirmary of Bermondsey Priory in Long Walk (Southwark Council). They probably discharged into St Saviour's Dock.

The priory drain was of Kentish ragstone but the supports for the infirmary.

tone, but the supports for the infirmary over the drain were of stone from Caen in Normandy. Clearly, there was a considerable medieval trade in good stone. The Caen stone might have appealed to the monks from La Charit sur Loire, who founded the priory (later abbey) after Wil-liam II granted them the manor of Ber-

In the 16th and early 17th centuries, Southwark was known for its fast life of brothels, pubs, bear pits, the Clink prison and theatres. The pattern of streets hardly changed until the 19th century when the railways were driven through, new bridges were built, and huge warehouses were put

Potting was a Southwark industry. It had begun in medieval times, when there was probably a kiln near the FT building. Then, the potters began to make tobacco pipes; near London Bridge, and at Mark Brown's Wharf on Potters Fields, west of Tower Bridge, and at Platform Wharf, Rotherhithe (London Docklands Development Corporation), there was quite an industry making tin glazed delftware for



Winchester Palace's rose window, which was added in the 14th century

export as far as America. The Platform Wharf pottery was converted out of a handsome 14th century manor that proba-

bly was built for Edward III.

On the theatres' front, the last find at the Rose (Imry Merchant Developers) has been a ticket office/refreshment stall used by John Cholmiey, partner of Philip Henslowe who built and ran the theatre. The Clobe (Hensen Proporties) team storyed Globe (Hanson Properties) team stopped digging last month and is documenting the results of the preliminary evaluation.

To me, as an archaeologist, the next step there is obvious: there must be a full-scale excavation of the area, for the Globe is so important that anything else would be insufficient. If that means having to remove the rear side of Anchor Terrace (listed Grade II, but looking rather precarious) or digging under Southwark Bridge Road, it should be done. The Globe really is a case of national importance where no

effort should be spared Will that happen? Hanson Properties and the Museum of London have submitted an application for the site to be scheduled as an ancient monument; now, we must await a decision from the Department of the Environment on the advice of

English Heritage.

Archaeologically, there are problems to solve and gaps to fill in every period of the history of London's first southern subarb, the mirror of the City. The co-operation between diggers and developers which has brought such impressive progress must

Excitements lie ahead, for sure. Winchester Wharf is coming up, and there is an application to dig west of the Rose on the site of the Hope theatre. The biggest conundrum is the Bankside power station. How splendid it would be to turn that into a park with a proper riverside walk from Southwark to Waterloo, with some of the best views in London and room for a Museum of Southwark. Already there has been some digging on the site; it has found more pre-history – and Charles I's fish ponds.

When elephants took the place of tanks

Mani Deb looks back on an Indian tradition



A phandi and his mahout ride their koonkee with a newly-captured wild elephant alongside

In the history of Assam, a defeated raja always had to include up to 100 elephants among the tribute to be paid to the conqueror. Battle elephants were prized tuskers, and their reputations. reputations were sometimes enough to strike terror in the enemy, just as a tank force When one of my ancestors was defeated by Moghul forces and taken to Delhi in 1612,

Emperor Jahangir gave him back his kingdom for a large sum of money and a tribute of a few elephants. Maharaja Par-ikhit Narayan got off lightly, for the emperor is said to have been told in a dream that his hostage was a direct decendant of Shiva, the Hindu God, and should be treated well.

In the Assamese method, a phandi and his mahout ride their trained elephant (known as a koonkee) to track a herd of wild elephants. Sometimes, they ride for days, camping by night. Avoiding dangerous bull

elephants carefully, they approach a herd stealthily and, as it scatters, chase and throw nooses over the sub-adults. Often, they have to ward off defending mothers. Captured animals are taken to the depot for training; then, the phandi returns to the jungle to seek further prizes until the strictly-imposed quota for the sea-

son is reached. Under this method, known as mela shikar, there is virtually no mortality — unlike the kheda shikar practice when whole herds are driven into strong wooden stockades. After the dominant adults are beaten into submission, the more suitable animals are extracted for

Basic training takes two to three weeks although the older the elephant, the longer. Hitched to one or two tame animals it is taught to walk, stop, turn and reverse while a boy perched on the neck gives the basic commands vocally and with leg pressure behind the ears. The more complex commands, which depend on the specialist task of the ani-mal – whether for travel, hunting or logging - are taught later, after the animal has been sold. It is not trained to do undignified tricks to

tined for the circus.

Training sessions are punctuated with exaggerated praise for the young elephant and tra-ditional songs extolling its virtues or those of the *phandis* themselves. Each night, by the light of the campfires, everyone joins in singing and strok-ing the animal, which gets used gradually to the human touch and voice.

The most newly-caught ele-phants are bought by profes-sional dealers and taken by truck or rail more than 400 miles to the annual animal fair - called the Son Mela - at Sonpur, in Bihar State, where thousands of animals from

goats to camels and elephants goats to camels and elephants are bought and sold each winter. Of late, however, the Son Mela has seen few new elephants. Last year, those on offer were said to be mostly rejects: too old, lame, or unfit in some other way. It was like finding only old hangers at the Motor Show.

There is a demand for at least 100 trained elephants a year in India today, according to A. J. T. John Singh at the Wildlife Institute of India. Apart from tourism, logging

Apart from tourism, logging operations and ceremonial needs at weddings and temples, they are also required by the forest department for patrolling wildlife reserves and helping conservation. The high demand is reflected in the price of a fully-trained animal: nearly 100,000 rupees (25,000) today compared with 10,000 rupees 10 years ago.

Being a migratory animal, the elephant population in the

Assam region varies from 3,000 to 6,000 according to the season, says S. Deb Roy, the state's chief conservator of wildlife. This slight increase, along with the shrinkage and fragmentation of habitat, has along with the shrinkage and fragmentation of habitat, has led to constant conflicts with humans. On average, 50 people are killed by wild elephants every year in Assam alone. Deb Roy feels at least 100 animals should be captured by mela shikar and sold or translocated to ease the mobilem.

located to ease the problem.

The Indian Government is willing to allow elephant-catching again but insists it should ing again but insists it should be done by the state's forest department, not private opera-tors. Deb Roy finds this finan-cially impractical, as the expenses for organising and obtaining koonkees and between 25-30 phandis would mean each new elephant cost-ing 92,000 rupess to capture ing 92,000 rupees to capture and train.

The jungle is not the only source of elephants, though. Some are born in captivity, providing the parents are not worked much and are given sufficient "leisure" time to sufficient lessure time to indulge for breeding. One such lucky owner is Bhubon Chowdhury whose elephant, Girlbala, has calved twice in the past 10 years. Chowdhury's three koonkees are used for log-ging, to earn enough for their keep. But he really longs for the return of mela shikar: it is not so much a business as a romantic way of life, he says.

If Hokora had been alive If Hokora had been alive today, he would have agreed. But the days of pomp and grandeur are over. The richly-embroidered velvet and silk trappings that once decorated elephants during festivals lie mouldering in disused buildings at home. The treatment ings at home. The hondas and iron shackles are rusting, and the bells that heralded their stately approach are now silent

Life cut short in the flower of creation

the tiresome consolation that life goes on. And so it does, for most of us. But imagine being robbed of that. Think how we should conduct ourselves if life was abbreviated suddenly by

some of us might resign our-selves to nothing but, more probably, we should begin to race — to anticipate the finish by an all-out effort, or try to leave behind some trophy of

To invent such intimations of mortality is a necessary means of access to the poetry and letters of John Keats. Aged and letters of John Keats. Aged
15, he sat by the bedside of his
mother as she died of consumption at the age of 35; he
attended the death of his
younger brother, Tom, also
from consumption.

When one night, early in
1820, he began to cough blood,
he knew what he must have
suspected already: "That drop
of blood is my death warrant; I
must die."

There is an irony in his med-

There is an irony in his medical apprenticeship which, doubtless, he perceived himself: a fellow student remembered Keats as "an idle, loafing fellow, always writing poetry."

But the abandonment of surgery of Currie Hearts. gery at Guy's Hospital for poetry in Hampstead was a genuine act of faith by a dying man bent on leaving the world different from how he had found it. "Right Jack Health, honest Jack Health, true Jack Health – banish Health and banish all the world."

For those of us whose world has not been banished, Keats might appear as no better than the arch-Romantic, feeding off the very frailty of his own flesh. Yet, his poetry is precious and about heauty in the

Keats was not the cultured aesthete: the Elgin Marbles are wondrous, but equally wondrous is the sparrow jinking about on the window ledge. Nor did the intensity of his vision blind him to the less-than beautiful it one of black. than-beautiful: in one of his pieces of doggerel (which edi-tors list as "Trivia" in the Col-lected Works), he lists things that are vile: taking tea with a maiden aunt, beer-swilling louts, cold coffee, and Word-sworth's sonnet on Dover ('Dover! Who could write upon

I like his pungent eulogy to



"Wine, women and snuff" and I like him for his hour-long fist fight with a beefy butcher's boy whom he encountered torturing a kitten.

Keats first went to Hampstead in 1816. Hampstead's soubriquet, "The Vale of Health,"
was not, of course, coined to
denote its present super-abundance of beans, lentils and
herbal teas. What is now London NW3 was in 1816 a rural
place, at a decant remove from
sea level, offering prospects of
hay-making and where the
nightingales sang in "clumpwooded glades."

Keats began by sleeping on the sofa of his early mentor and publisher, Leigh Hunt, he then lodged (along with his two brothers) at Well Walk, in the house of a postman. It was a place notable for both the noise of the postman's children and the smell of their socks: thus, Keats moved in 1818 to quieter premises in Wentworth Place, newly-built by two acquaintances.

He rented a portion of the house for £5 a month: it stands today as a museum and shrine in Keats Grove, and remains invested not only with many of the poet's material associations (including a cob-webbed wine cellar) but also a spiritual pres-ence. Sparrows still peck about in the gravel outside.

Here, Keats wrote most of his mature poetry (if a boy barely out of his teens might be judged mature), and here he first met Fanny Brawne, who lodged at Wentworth Plate for a brief period before moving

with her mother to nearby Downshire Hill. Fanny is a Downshire Hill. Fanny is a vignette: her profile is coquettish, but she is never more than a cut-out or shadow. His letters to her are prose poems, models for the emulation of all young lovers; but the phrase he used to excuse the faults of his poem Endymion might as well have been applied to his relationship with her: "a feverish attempt, rather than a deed accomplished." accomplished."

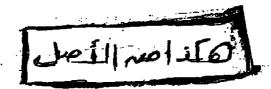
Keats did not die in Hamp-stead but in Rome, at the age of 26. His grave in the Protestant cemetery is a haven for violets. There lies one who, violets. There lies one who, even when alive, thought of himself as living "posthumously." But the curators of the Keats-Shelley memorial, just by the Spanish Steps in the Eternal City, are struggling to keep the room where Keats died as a place of posthumous homage, and Camden Borough Council in London, which oversees the Keats House in Hampsees the Keats House in Hampstead, has cut funds for upseep by 50 per cent

Still, I suppose we should not be too hard on the people who take these decisions; they are only acting in the spirit of our age. Besides which, there are, no doubt, greater claims on council money than the relics of a consumptive poet. Who, after all, needs Keats?

For those who do the Keats

■ For those who do, the Kedts House in Hampslead is open Monday to Friday (April-October 2-8pm; November-March 1-5pm): Saturdays 10am ion, 2-5pm; Sundays 2-5pm.

Nigel Spivey



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PROPERTY

OULD the idea of collecting habitable works of art by great architects be catching on? It certainly seems to make sense to Peter Palumbo, chairman of the Arts Council.

He has owned Farnsworth House, designed by Mies van der Rohe at Plano, Illinois, since 1968. A few years ago, he bought The Hagan House at Chalkhill, Pennsylvania, by Frank Lloyd Wright and last year he paid nearly £2m for Le Corbusier's Malsons Jaoul at Neuilly-sur-Selne, Paris, which he is now restoring.

In Britain, Palumbo prefers the Georgian elegance of his 700-acre Bag-nor Manor estate in Berkshire and the Ascrib Islands off Skye, where he plans to build an underground house to avoid spoiling the environment. However, an American art collector. Stanley J. Seeger, seems to have taken a leaf out of Palumbo's book by acquiring houses in Britain that are modern works of architectural art.

Three years ago, having sold Sutton Place in Surrey to Fred Koch, a fellow American art collector, Seeger bought the Deanery Garden at Sonning, Berkshire, one of the finest works of Sir Edwin Lutyens (1869-1944). After running into a spot of bother with the local authority for liming the golden oak beams and panelling of this Grade I listed house, to make a white background for his magnificent modern paintings. ern paintings, Seeger restored the house and sold it last year for around £2m. It has just been resold.

Now another house in Surrey is being offered for sale by an offshore company that is believed to be linked with Stanley Seeger. This is Marylands, at Hurtwood, designed by Oliver Hill (1887-1968). The interior, with its massive stone pillars, arched openings and open-tread oak stairs, has the originality and quality of Lutyens (whom Hill idolised and asked to join as an articled pupil in 1905, but was advised to work for a builder to get a

knowledge of materials).

The exterior is entirely Hill's: asymmetrical and idiosyncratic, but memorable for its roof, which would seem Spanish if its glazed pantiles were red, but they are blue-green and were imported from Sweden, as was the central marble column in the south window of the drawing room. Many 1930s details survive at Marylands,



Homing in on art

Michael Hanson on a fresh idea in collecting

and others have been painstakingly restored by Broadway and Malyan, the architects in Weybridge, Surrey.

The last owners filled in Hill's ornamental pool on the terrace, but it is now reinstated and the pair of Royal Doulton green terracotta frogs that used to stand at each end have been replaced by replices made in Zurich.

"assiduous in its guardianship of Lutyens' houses, should act promptly to protect this fine work of Oliver Hill's for posterity.

The house may not be to everyone's liking, but it is a wonderful example of its time and typical of the man who used to stand at each end have been is described on his memorial as "architect and lover of life." and in replaced by replicas made in Zurich. A ground-floor loggia, which had been converted into a morning room, its arches filled with plate glass, has now been restored, as has the "sleeping loggla" outside the master bedroom on the first floor.

Even the intricate glazing bars of the dining room windows have been reinstated. Such attention to the detail of the architect's original con-ception is remarkable enough, but it is made even more so by the fact that Marylands is at present unlisted. Waverley District Council, which is

The house may not be to everyone's liking, but it is a wonderful example of its time and typical of the man who is described on his memorial as "architect and lover of life," and in Alan Powers' catalogue to a commemorative exhibition of his work earlier this year as "a quintessential figure of the inter-war period, a dabbler in many styles and a brilliant architectural decorator."

Marylands is for sale at £1.75m, with 30 acres of gardens and grounds enjoying superb views over the Weald. Winkworth (tel: 01-738-8794), is joint agent with Browns of Cranleigh (tel: 0483-267070). This particular speculation in habitable art has not been profitable, for Timber Trustees, a Jer-

sey registered company, paid about £1.5m for the house nearly three years ago before embarking on its expensive restoration. It cost £15,000 when completed in 1000.

Those who would like to collect a minor work of Lutyens have two opportunities at the moment. Sum-mers, at West Clandon, Surrey, was an old farmhouse that Lutyens remodan old farmhouse that Lutyens remod-elled in 1902, creating a new kitchen, adding a lofty music room with the master bedroom above, converting an outbuilding into a cottage and turning the cow byres and pigstles into a cloistered loggia. Later, in the 1930s, Baillie Scott (1865-1945) made a new front door and entrance hall in place of the pantry, replanned the kitchen of the pantry, replanned the kitchen and secondary bedrooms above and built a thatched summer house in the

The summer house fell down three

years ago, as has half of Lutyens' cloistered loggia. The kitchen has been completely replanned again by the present owner, Vivienne Neves, the model who caused a sensation by appearing nude in an advertisement in The Times in 1971. She bought Summers four years later from Sir Summers four years later from Sir Austin Anderson, a director of P & O. Still a very beautiful woman, but now confined to a wheelchair because of multiple scierosis, Neves has let the house in recent years to tenants such as actor Marlon Brando and singer Boy George. Now she is selling it with 4.25 acres of gardens and paddocks for £900,000 through the Guildford office of Savills (tel: 0483-576551).

The second Lutyens house on the market is one of his earliest works: East Lodge, at Shere, Surrey, built in 1894 for Sir Reginald Bray, the Recorder of Guildford, who lived in the manor house at Shere and went on to become a High Court judge. The three-bedroom lodge is a gem, listed as a Grade II building for its architectural and historic interest and pos-sessing in miniature many of the details that Lutyens would use later on much grander houses.

on much grander houses.

It is for sale at £260,000 through the Shere office of Nationwide Anglia King and Chasemore (tel: 048-641-2696). Greyfriars, a house on the Hog's Back in Surrey, was designed in 1896 by another individualistic architect, Charles Voysey (1857-1941), for the Victorian novelist Julian Sturgis. Its terraced gardens were designed for a subsequent owner in 1913 by a contemporary of Lutyens. in 1913 by a contemporary of Lutyens, Sir Herbert Baker (1862-1946).

It is for sale with 48 acres at £1.75m through Hamptons' Guildford office (tel: 0483-572864). A house that could be – and has been – mistaken for a work by Lutyens is Rystwood House at Forest Row, East Sussex. This eight-bedroom house is for sale with five acres for more than £750,000 through the Tunbridge Wells office of Knight Frank and Rutley (tel: 0892-515085).

It was designed in 1913 by William Curtis Green (1875-1960) who won the first prize in a competition for "a small country house of a dignified sort." The judges were Sir Lawrence Weaver, Peter Morley Horder — and Lutyens himself.

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In a slack, buyer's market,

the sales pressures behind every one of these new properties is much the same

as for a distressed resale Property.
Except where a temporary switch from sale to rental can provide some cover for the financing costs, developers have no more use for a completed, unsold property than an existing owner who has no choice but to move for

one reason or another. That's why Michael Robson, managing director of Andrews Estate Agents, warns against becoming too enamoured of

the current crop of sales

incentives.

"Although the inducements Atthough the intractive, and some are quite outrageous, at the end of the day the buyer ends up paying for them," he says. "The owner of an existing house is rarely able to offer a car . . or a holiday in the Bahamas, but he is willing to

negotiate worthwhile price reductions . . . "Even a price reduction on a new home is only a reduction in the builder's profit . . ."

John Brennan

There's life in suburbia

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Joint sales agents Hamptons (tel:01-788-0031) and Scotts (01-788-3415) had six of the 125-year leasehold units, priced from £95,000 to £275,000, sold or under offer within weeks of the

release of the scheme.

The block, designed by John Assael & Partners in a three-quarter acre landscaped site, is a classic example of the self-contained, secure suburself-contained, secure subur-ban schemes that the London Property File reports as still selling well, often in spite of, rather than because of, the local neighbourhood." Following that through, the Property File argues that the best value development sites and best value homes can be

and best value homes can be judged by travel-to-work time rather than historic locational

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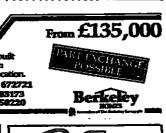
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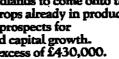
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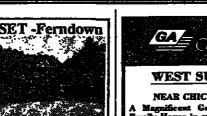
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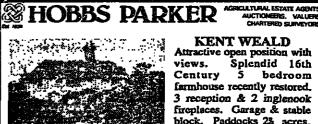
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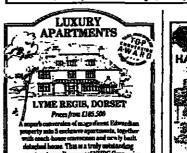
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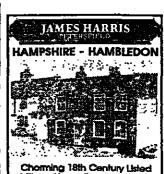
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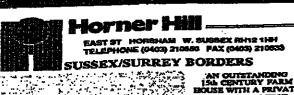
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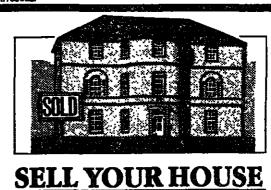
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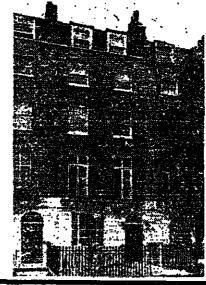
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■ AS A Florentine resident born in Italy nearly 85 years ago, I was particularly fascinated by Denis Mack Smith's Italy and its Monarchy (Yale UP, £19.95) which offers an original survey of the Savoyard kings who ruled lialy between 1861 and 1946. I can think of no more scholarly and original account of this neglected subject.

Harold Acton

Thanks to Julian Barnes, many of us now feel intimately acquainted with Flaubert, but in my case this intimacy has been put on a more solid foundation by Herbert Lotiman's Flaubert: a biography (Methuen, £17.95). The biography would be more accurate, since it is hard to envisage this authoritative, detailed, nourishing work being superseded for several decades. Rooted in a proper sense of place and history, this scholarly evocation of a personality both great and ignoble, brilliant and obscure, should reach an audience well beyond the already-assembled ranks of the Flaubert industry, since it is also compulsively

Gillian Tindall

II The most remarkable new book which I have read is Danube by Claudio Magris (Collins Harvill, £15.00). This is a description of a journey down the river valley, which starting out as topography, turns into an impassioned intellectual meditation on the great flowering of Danubian culture which used to centre on Vienna.

The author is a Triestino – that is, practically an Austro-Hungarian and his knowledge of Central

Anthony Hartley

■ I particularly liked The Man Who had All the Luck, an early play by Arthur Miller, not previously in book form (Methuen, £11.99 or £5.99 paperback). Miller has rewritten the ending 20 times since the play's first (and so far only) staging on wartime Broadway, and it is evidently one of his favourites. As in classic Miller the dialogue vividly reveals the interior morality which drives the characters, each of whom is distinctively individual. The same high ambition can be seen in The Golden Years, another unpublished play which takes precedence in the Methuen volume. Using the fatal encounter between setting for his drama, Miller explores the fascinated attraction and passivity with which the western democracles regarded the fascist threats of the 1930s.

William St. Clair



■ I read Michael Frayn's The Trick of It (Viking, £11.95) across 100 pages or so of the New Yorker, and of course I didn't know who the author was until the last page. The there were reviews in the British papers and I had to buy a copy to see if there was anything the magazine publication had left out. Generally I avoid novels about writers because they make me try

to identify the characters. But in this book I don't see Frayn, or anyone I know, in his first-person narrator, or the recipient of his letters in Australia, or the writer about whom they are written. I might identify them if I moved in different circles, but I am happier to see them as people in a delightful book.

B.A. Young

■ Two first-class biographies of 17th-century Englishmen of great interest and individuality – that of Algernon Sidney by John Carswell (John Murray, £18.95) and that of Sir Thomas Roe 1581-1644: A Life by Michael Strachan (Michael Russell, £19.95) — make this a bumper year and a teasing choice. Sidney, diplomat, soldier, parliamentarian, political thinker and Whig martyr, is the archetype of the left-wing aristocrat, irascible, fearless, difficult and attractive. Roe is a man of even greater versatility and achievement. Explorer in Guyana, ambassado: first to the Great Mogul and then to the Grand Turk, MP, courtier, diplomat to every European country, economist of originality and distinction. Both books are a pleasure to read.

Richard Ollard

■ Mine is a biography. Margarete Buber-Neumann's Milena (Collins Harvill, £12.00) is a deply touching life of Kafka's friend Milena who died in Ravensbrück concentration camp in 1944, only a few weeks before the invasion of Normandy. It is written by a fellow-prisoner who, as a German Jewess, had been handed over to the Nazis by their Soviet allies during the years of the Molotov-Ribbentrop pact, and it is the memorable record of a brave woman whose company never ceased to be a delight, even behind

My book of the year

Our reviewers choose the books published this year that they have most enjoyed reading

■ Best first novel this year must surely have been Terence Blacker's Fixx (Bloomsbury, 12.95). It charts the career of a Thatcherine wide boy from modest beginnings in Biggleswade. Fixx is the common man made good, in fact, a yuppie par excellence. The novel is far from perfect; the author's humour is mildly repetitive - but it's a well-intentioned satire neverthele with plenty of good laughs, and you can't ask for more than that.

Nicholas Best

■ I don't know that it was precisely pleasure, but the book that interested me the most this past year was David Irving's biography of Göring (Macmillan, £16.95). I do not share Irving's eccentric point of view: for one thing he has rather an artist Pritish angle and he is too an anti-British angle, and he is too favourable to the Nazi thug. After all, Göring was a murderer — he master-minded the murders of scores of opponents and comrades alike in the Night of the Long Knives, 30 June 1934 But Irving has done a lot of research and added some new facts to our knowledge of that disgraceful era.

A.L. Rowse

■ Janos Nyeri left Hungary in 1956, and as a boy he must have lived through events very like those described in his novel Battlefields and Playgrounds (Macmillan, £12.95). I found this a very vivid recalling of a childhood of persecution in the Hungary of Admiral Horthy and then the German occupation. Jozska is the child in question, a splendid little daredevil, perhaps too much so. Few can have come through like Nyeri, with a spirit still so defiantly on the side of life.

David Pryce-Jones

■ Linda Colley's Namier (Weidenfeld & Nicolson £14.95) is a sympathetic, well balanced and long overdue reappraisal of a man who once dominated the historical scene and is now sometimes quoted but seldom read. Professor Colley, known for her own work on 18th-century Britain, is too young to have participated in the fierce and acrimonious debate which greeted Namier's assaults on the Whig interpretation of history. But her judicious study of this abrasive man rescues what is original, important and lasting in the Namies legacy. Sir Lewis was both influential and unforgettable; Colley suggests why.

■I most enjoyed Peter Hennessy's Whitehall (Secker & Warburg, £20.00) — a remarkable synthesis of historical information and contemporary journalism of a high order. The author traces the record of the British civil service from Norman times through Henry VII ("a civil servant's ideal"), William Cecil and Sir Charles Trevelyan to Sir Robert Armstrong and Sir Robin Butler. He writes more accurately than most chroniclers of the contemporary scene and more readably than most historians. He skilfully mixes anecdotes, recorded interviews, official records and personal judgements. No one else would have attempted such

Douglas Jay

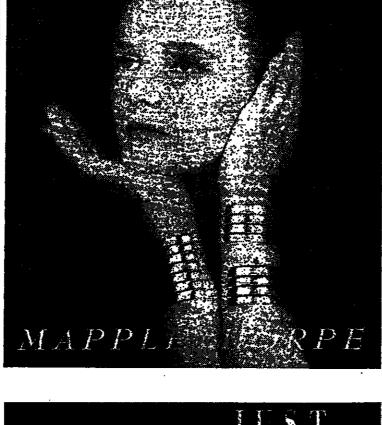
■ I especially enjoyed the revised and expanded version of Solzhenitsyn's book August 1914: The Red Wheel 1 (The Bodley Head, £18.95). In the original version, as it appeared in 1971, the Battle of Tannenberg formed the centrepiece and it still does here. But in order to probe the weaknesses in Tsarist society which led up to that terrible defeat, Solzhenitsyn has drawn vivid portraits of some of the main actors in the anticipatory drama, including those of Nicholas II, of his Prime Minister Pyotr Stolypin, whose reforms might have saved Russia from the mounting tide of anarchy and violence that culminated in the October Revolution and of Stolypin's ssin, the young Jewish lawyer,

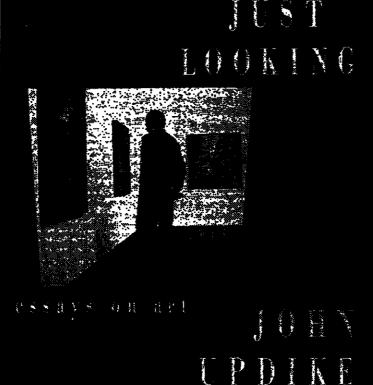
Erik De Mauny

■ Ken Smith answered a newspaper advertisement in 1985 to become writer-in-residence at Wormwood Scrubs, and the result, Inside Time (Harrap, £12.95), was the most enlightening and provocative book to come my way this year. Stone walls do not a prison make, but the attitude behind them and the inhabitants of them do, and this raw piece of writing, shot through and randomness of life inside, makes gripping and important

Jackie Wullschlager

■ I choose David Cairns's Barlioz. Volume One: 1803-1832 The Making of an Artist (André Deutsch, £25.00). This work, more than 20 years in the writing and awaited with barely contained impatience by the world's Berliozians, is still only half-way toward completion — and already it takes its place among the great biographies of our day. Cairns's love, knowledge, and understanding of his subject flame up on every page. Few biographies on a musical (or, indeed, any other) subject combine passionate commitment and scholarship in such finely George Watson Judged proportions; few prove such





a joy to read for their lucidity and wit. Cairns's Berlioz is now one of the essential items on any music-lover's bookshelf.

Max Loppert

■I was greatly impressed by David Fromkin's A Peace to End All Peace: Creating the Modern Middle East, 1914-1922 (André Deutsch, £19.95). Based on a mastery of the immense English language literature its subject has produced over seven decades, it is a comprehensive survey of the origins and course of Europe's last (and most fragile) imperial expansion, ranging from Arabia to the Caspian Sea. Fromkin is particularly successful in bringing the leading actors vividly to life and clarifying their individual contributions to a fascinating story. Reservations about one or two of the 61 chapters do not diminish my admiration for an important historical revision.

Harold Beeley

■ Books on décor abound but the individuality of my choice, Nineteenth Century Decoration: The Art of the Interior by Charlotte Gere (Weidenfeld & Nicolson £50.00), first winner of the French textile designer Manuel Canovas's annual prize for the best book on the decorative arts, lies in its esprit, its author's manifest delight in her subject. Gere relates how the famous characters of fact or fiction lived in their beautiful settings; we hear how Miss Mattie Jenkins from Cranford tried to prevent her carpets from fading, we see how Princess Mathilde of Bavaria publicly displayed her trousseau of over 50 fashionable gowns in 1834, and how 50 years later Princess Mathilde Bonaparte arranged the chairs in her salon

for the causeries so often attended by the Goncourts.

Jane Abdy

M My choice is The Reliarosa Connection (Penguin, £3.50) — with contexted (renguin, 13.50) — with a passing nod to A Theft (Penguin, 13.60), which appeared earlier in 1989. One book by Saul Bellow in the year would be an event; two is an unexpected bonus. Although both novellas are

written in Bellow's inimitable later style *The Bellorosa Connection* is decidedly the better. It turns on a moral point: whether or not a man who has done another a service should allow him to show his gratitude. The Bellarosa nection is written in a street-wise yet sophisticated style which operates at the highest level of reference and awareness. When we read Bellow we know we are in the Big League - and he knows

Geoffrey Moore

■ The Names Blighty, Parade, War Illustrated, Union Jack ring out like passing bells for people who were involved in the Second World were involved in the section.

War. They were made to chime again, in this anniversary year,

I most enjoyed — Union again, in this anniversary year, in the book I most enjoyed — Unios Jack: A scrapbook of British Forces' newspapers 1939-1945 (Her Majesty's Stationery Office, 29.95). This anthology of covers, pictures and stories which will adorn the growing pile of 1939-45 memorabilia leaves a reader with only a slight regret that he hasn't got his hands on the originals which must now be worth real money.

Alan Forrest

■ My first choice Ian Gibson's Federico Garcia Lorea (Faber &

Faber £17.50), 24 years in the making and well worth waiting ns likely to be the standard for, seems likely to be the stand English work on the greatest poet-tramatist of modern Spain.

poet dramatist of modern spain.

And keeping me reading into the small hours, there was P.D. James's Devices and Desires (Faber & Faber, £11.99), with East Angilan murders in a broad study, at once detailed and far-reaching, of a social as well as a physical landscape. Isabel Quigly ■ A good way of looking at British

by his godson.

BIRKENHEAD

EARL OF

theatre, opera and dance over the past ten years has been provided by British Theatre Design (Weidenfeld & Nicolson, 230.00) which puts all the work in a proper pictorial context. Critical writing is often accompanied in newspapers with actors' mug shots; here is what the shows actually looked like during a tumuliuous period when designers perpetrated inter-disciplinary melt-down. And I would add, as a

supplementary choice, Antony Sher's Characters (Nick Hern collection of the actor's paintings, drawings and sketches

Michael Coveney

Tzvetan Todorov's Nous et les autres: la réflexion française sur la diversité immaine (Editions du Seuil, 140FF) is a work which I found especially enjoyable. Since I have a strong interest in travel writing, and in the mapping-out of symbolic boundaries between the foreign and the familiar, I was delighted to come across a book which moves beyond the usual commonplaces in discussing our concepts of foreignness.
Surveying works from a wide range of literary and non-literary

LITERARY COMPETITIONS

IT IS competition-time once again so summon the Muse to your word-processor, your electric type-writer or to your old-fashioned ball-point and try your skill at one or both of these tasks.

VALEDICTION You are invited to compose a sonnet bidding farewell to the 1980s, TOP DISHES

While staying at the Savoy Hotel in London, about which he wrote the novel, *Imperial Hotel*, Arnold Bennett devised an omelette. Made with smoked finnan haddock fillets, and a combination of Béchamel and

Hollandaise sauces, in addition to eggs, Omelette Arnold Bennett is still extremely popular. Pavlova inspired a meringue - light as air, topped with fruit and whipped cream, and Louis XIV's finance minister Colbert, a way of frying sole. What we need are some new dishes named after contemporary people - statesmen, politicians, writers, painters, composers, per-formers, celebrities, anyone in the public eye. Give the name of the dish, the ingredients, and the

method of preparing and serving it;

the complete recipe in fact.

The closing date for both competitions is Friday December 15. Entries should be sent to the Literary Editor, The Financial Times, Number One Southwark Bridge, London, SE1 9HL.

Results, winning entries and a full report will be given in the Weekend FT on Saturday December 30. The first prize for each competition will be £100 and there will be several genres, Todorov examines the ways in which French writers, from Montaigne to Levi-Strauss, have approached the question of human

Chloe Chard

The year's most unputdownable book was Anne Stevenson's Bitter Fame: A Life Of Sylvia Plath (Viking, £15.95). This critical biography triumphs in both departments. As criticism, it subjects Plath's poetry to a rason-keen percentiveness and razor-keen perceptiveness and missionary enthusiasm. As biography, it presents almost everyone in Plath's life as a three-dimensional character: complex enough to avoid facile labelling as "friend" or "foe." Best of all, the book conveys the transforming excitement of the creative process, often the only way Plath found of "saving herself from herself" for the too few years - 30 - in which she succeeded in doing so.

Nigel Andrews

■ Val Hennessey's collection of interviews with writers, A Little Light Friction (Harrap, £12.95) is the funniest book I've read for ages but I'm not sure that its author would approve of this verdict. She is extremely touchy, as her conversation with Martin Amis demonstrates. Because she often interviews highly publicised authors for the popular press she suspects that the quality literary stablishment looks down on her If so, then that is their loss. Her reactions to the 46 writers of all sorts interviewed here are quite unpredictable, often disastrous from an editor's point of view, but always irresistibly fresh and amusing.

Alannah Hopkin

■ Frederico Fellini's book about the manufacture of marvels at the studios of Cinecittà (Studio Vista, stumos of Liberata (Studio Vista, £25.00) focuses, and explains my lower of ruins, uninhabited stately homes, cathedrals and empty theatres: they are barracks of fantasy and forgotten faiths. And none more so than the film studio, where elaborate sets — works of art in themselves — are built and discarded. This rich book is distance. This fren book is illustrated with photographs of a gloriously reconstructed Venice (for Casmovo), of ancient Rome (for Satyricon), of modern Rome (for Dolce Vita) — and then we see the fate of the monuments: the scenery and statuary are immediately thrown on the back lot to crimble and moulder. Th prodigal waste is an outrage and a fascination.

Roger Lewis

■ I loved Sybille Bedford's **Jigsaw** (Hamish Hamilton, £12.95) a personal recollection of life in Berlin, London and the South of France before the Second World War. She calls it a novel, and I will not quibble with that. But I learnt much about her as an adolescent girl, her mother, her mother's lover, and the other extraordinary people who formed part of her growing-up. The whole work beckoned me into a totally spontaneous and temptingly irresponsible way of life, like the best of Hemingway.

Anthony Curtis

■ The public Winston Churchill we all know. A busy biographical industry has seen to that. But there is another, a private Churchill, a domestic Churchill, a devoted husband, an affectionate, even indulgent father, an amateur artist. It is this slightly eccentric individual who is the subject of the Karl of Birkenhead's book Churchill 1874-1922 (Harrap, £19.95) which the late Sir John Colville edited. Birkenhead, as Churchill's godson, had access to many sources denied to other biographers. The result is a book which I found of exceptional interest, affectionate but not at all unduly worshipful.

George Malcolm Thomson

■ Two books of this year stick firmly in the mind, one historical, the other very much of the contemporary art world Citize A Chronicle of the French Revolution by Simon Schama (Viking, £20.00) would have been a fascinating study in any year, but the casting of so sharply revisionist an eye upon the Revolution in this the year of the bicentenaire made it irrestistible. As for Art, I have been reading The Andy Warhol Diaries edited by Pat Hackett (Simon & Schuste £17.95) with appalled and delighted

William Packer

■ My choice, the crime novel, Dead Spit (Collins, £10.95) by Janet Edmonds, a second novel confirms the talent and originality gernerously displayed in her first (Dog's Body). The world of dog-breeding and showing has many a dark corner, and the author—with her vet-sleuth Linus Rintoul explores them with wry, humorous curiosity and bravery.

The fact that Edmonds has been able to repeat her first success encourages the hope that a valuable series has been initiated.

William Weaver

■ In a year bulging with goodies in the art book field, I find it hard

to choose between John Updike's essays on art Just Looking (André Dentsch, £19.95) where text and image are brilliantly integrated and the black-and white photographs of Robert Mapplethorpe in Some Women (Secker & Warburg, £30.00), 66 ladies in all, many of them celebrities. Mapplethorpe's death last March was a sad loss.

Renata Gold

■ This was the year in which political historians might say Margaret Thatcher should have resigned — on her tenth amniversary as Prime Minister and at the height of her powers. My book of the year is One of Us by Hugo Young (Macmillan, £16.95.) It is much more objective than one might have expected from the chief political columnist of the Guardian. who is always entertaining, usually passionate, but not terribly interested in facts and bored by economic policy. Young had intended to publish at the end of her reign, but came in at the right time. He will produce the definitive edition later. Meanwhile, this is the best book on Mrs Thatcher and the modern Conservative period so far. Only the title slightly shows

Malcolm Rutherford

Marie Conte-Helm's austerely titled Japan and the North-East of England: from 1862 to the Present Day (The Athlone Press, £18.00) is packed with delights. Historians rarely look at the relationship bewteen a country and a region and few economic and a region and lew economic historians turn naturally to cultural history. Marie Conte-Helm, endowed with superabundant curiosity, successfully does so. Nice work, as David Lodge would put it. The illustrations include many curious items - like a picture of the officers and crew of the Kashima, "Togo's Heroes," at Newcastle United Football Ground in 1906.

Asa Briggs



Martin Amis's London Fields (Jonathan Cape, £12.95) was the most talked about book of the year : and with good reason. By turns it was infuriatingly pretentious and over-poweringly incisive, but just when you were ready to throw it away in irritation you came

across a passage of great beauty or uncommon percipience. It is undeniably clever, this long story of a female victim torturing her murderer into the deed. The setting is as gloomy as the Amis imagination, Notting Hill at the end of the century when the Greenhouse has really taken Effect. The critics who kept it off prize lists were showing their own small-mindedness and immaturity. Not a pleasant read but an unflinching one.

Antony Thorncroft

A fine year for novels. I particularly liked John Banville's Outsiderish study in The Book Of Evidence(Secker & Warburg £10.95) and Margaret Drabble's Natural Curlosity (Viking £12.95) which in many ways hits the mid-life spot. Stanley Middleton produced another under-stated gem of provincial life in Vacant Places (Hutchinson, £11.95) But Julian

Barnes scores most with sheer sparkle in The History Of The World In 1012 Chapters (Jonathan Cape, £11.95) about which the only silly thing is the title. The "History" is a series of dazzling stunts which add up to an affecting meditation on love and survival — impossible to categorise, impossible to ignore, a feast of wit and erudition which may enrage fictional purists but does more to link-up to the common European home of the mind than the conventionalities of most the conventionalities of most English fiction. For that reason, it is my book of the year. But I'm reading A Disaffection by James Kelman (Secker & Warburg, £11.95) which is shaping up as a dark, feroclous, grim, witty anatomy of the under-lying aggression in Thatcher's Britain: a close second.

Mary Hope

My book is timely because it describes the domestic arts at a time when Europe was undergoing great political changes, as it is today. Bisdermeier 1815-1835 by Georg Himmelheber (Prestel) Thames and Hudson, £37.50) also wraps up the subject in a final and visually sumptuous way. At last a book by the master of the period who does not healtate to illustrate who does not measure to measure and discuss painting, sculpture and architecture alongside the fashion, textiles, furniture, glass and porcelain that made the early 19th-century Central European home both classically elegant and visually harmonious. It is the kindof book that shows you on one page the startling blue and yellow trousers of King Ludwig I of Bavaria and on another the sublime beauties of a stage set design by Karl Freidrich Schinkel. I was in heaven

Colin Amery

A rackety highbrow life

Gentlemen never stopped preferring this lady, says Anthony Curtis

UNTIL two years ago, although she had previously published some fiction, Barbara Skelton was famous for being Barbara Skelton rather than for he books. Then there came her first volume of autobiography which set the table on a roar.
"Uniquely savage memoirs of a rackety highbrow life" (Anthony Powell). "The description of Connolly's coutship and marriage provide some of the funniest reading I can remember" (Auberon Waugh) – are two typical plaudits from contemporary writers who share the quite rare distinction of not appearing in the text.

As a child Skelton had quite a hard time. Hence her title, Tears Before Bedtime. She did not discover much accord with her parents. Her mother was "a beauty," a Galety girl. Her father was in the army but invalided out after a severe heart attack. He was a direct descendant of Sheridan, Skelton inherited her mothers good looks, and something of her dramatist ancestor's gift for seeing through people, particu-larly literary people. Her main education was, like his, in the school for scandal.

The first scandalous affair

was when she was a girl in India. From then on gentlemen never stopped preferring Skelton. Her biggest pre-war catch

WEEP NO MORE by Barbara Skelton Hamish Hamilton £14.95, 166 pages

TEARS BEFORE BEDTIME by Barbara Skelton Hamish Hamilton (paperback)£6.99 205 pages

was King Farouk, who made several appearances in volume one. That first volume took the reader through Skelton's return to England, her modeling days at Fortnum's, her entry into the world of the Cafe Royal when the likes of Angustus John loomed lecherously large across the marble-torned tables.

topped tables.

Skelton soon made her presence felt in that bohemian world with its inebriated values, its horror of boredom. What no one seems to have realised then, people like Peter Quennell, Ian Fleming, Evelyn Waugh, all of whom she came to know, was that there was hidden in her a writer wanting to get out. She was a Boswell putting it all down the next morning.

for pages at a time directly from her diary; in Weep No More there are the diary pages describing the duration of her



Barbara Skelton: tamous for her scandalous affairs

marriage to the critic Cyril Connolly. These are some of her most hilariously deadpan descriptions, showing the great man in all his foibles, and in all his charm too, but I do wish

him are among the most interesting in the book.

Both these readable volumes serve as witty footnotes to what one of Skelton's husbands called the condemned playground. It seems to have remained open for much longer than we thought.

bined owning race-horses with being a physicist of interna-tional standing. Her years with

The scene then moves to the south of France and her next

husband, the seriously rich Derek Jackson, Nancy Mit-ford's brother-in-law, who com-

she would give the dates of the entries when she does that. Connolly was succeeded by George Weidenfeld who, in addition to marriage, offered Skelton a job with his com-

Classics as gifts

FOR ANYONE seeking a handsome new edition of a classic to give as a present this Christmas, there are several attractive possibilities. Best buy must surely be Trollope: The Barsetshire Novels, all six of them, from Oxford Univer-sity Press at £45.00 the set. These are hardbacks with up-to-date introductions and Mgr. Ronald Knox's sketch map of Barsetshire included in each volume.

Another complete set but within the same covers is a fine illustrated edition of Shakespeare: The History Plays (Barrie and Jenkins, £19.95, 448 pages). The text is interspersed with illustrations of relevant works of English medieval art and the king who gives his name to each play has a miniature picture of his head at the top of each of its

Single volume editions of several standard authors com-pete for space in the bookshops this year. Reinhardt Books has revived those desirable omnium gatherum editions for the general reader from the Nonesuch Press before the war and will add new ones to them. So far they offer Prose and Poetry of William Blake Poetry of William Blake (£20.00, 936 pages), The Complete Works of Lewis Carroll introduced by Alexander Woolcott (£20.00, 1165 pages) and a real collector's Nonesuch item. The Wrong Box (£36.00, £26 pages). Apparently the first edition 100 years ago was full of errors: the publishers never received Robert Louis Stevenson's corrected proofs sent by son's corrected proofs sent by him from Honolulu. This edition edited by Ernest Mehew

on edited by Ernest Menew puts that right and gives Lloyd Osbourne his due.

Another edition of Blake: The Complete Poems comes from Longman (£39.50, or paperback £14.95, 886 pages). This is a second edition, incorrection execution except and pages are the leaves in the land of the complete properties. porating recent scholarship, of the volume edited by W.H Stevenson in the Longman Annotated English Poets series which is widely used in univer-sities. The Poems of Shelley: Volume 1 edited by Geoffrey Matthews and Kelvin Everest (Longman, \$60.00, 595 pages) is an important new volume in

an important new volume in the same series.

Browning died in Venice in December 1889. To mark this we have A Centenary Selection From Robert Browning institute and Constable, £14.95, 196 pages) edited and introduced by Michael Meredith, and a new volume, Robert Browning in the Penguin Poetry Library edited with an introduction Daniel Karlin (£4.50, \$40 pages); while 50 years on from the while 50 years on from the death of the great modern Irish poet, Macmillan have brought out a fresh one-volume edition of Yeats's Poems edited by A. orman Jeffares (£20.00 or as a

A.C.

four) and the true and absent The burden of the book is devoted to Gareth Bennett, the

Rigid man unbends

about his friends

J.D.F. Jones finds the attraction is in the telling

ABSENT FRIENDS

by Geoffrey Wheatcroft

Hamish Hamilton £15.95 291 pages

tances (Dwight Macdonald,

Philip Larkin, Ian Moncreiffe, Goronwy Rees, to name just

clerical don of New College who killed himself two years ago after exposure as author of a notorious Crockford's Preface and who had been Wheatcroft's tutor, Michael Dempsey, a dear friend and a drunk; Hans Keller, the Third Prorams kener, the third rro-gramme's arrogant "man of genius;" Shiva Naipaul, "an imminently great writer" (was he?), whose memory has been taken up by *The Spectator*, which also once employed Wheatcroft; and a quiver of other moments become year. other more-or-less known per-sonalities whose qualification

It is a rather small world, of course, which might quite eas-ily irritate the outsider, but the attraction is in the telling. When Wheatcroft returned to London after the mysterious death of his friend Dempsey he felt "rather like Joseph Cotten in the Third Man." Of the sui-cide of Canon Bennett, "there is less to this than meets the eye." Of afternoons in Soho drinking clubs, "we misspent our youth, led lives of noisy desperation, grew old grace-lessly." Of Goronwy Rees - "a Welsh boy on the make". Of Freddie Ayer on himself – "My books aren't in the least bit difficult. They are full of error, but entirely lucid."

There is much more in this vein and in this style. I look forward to the Bayreuth book and — many, many years ahead — the fuller Memoirs of the man already immortalised in Private Eye (and not with-out good cause) as the rigid

Steeped in the Steppes

THERE ARE two attitudes of mind which colour most foreign reporting from the Soviet Union, attitudes which the Russians themselves describe as polozhitelnye or positive, and otritsatelnye or negative. The first is characterised by Lincoln Steffens's "I have seen the future and it works," the second by a later visitor's more disenchanted view: "Upper Volta with rockets."

GEOFFREY WHEATCROFT

has been all sorts of things: a publisher, a literary editor, a

profile writer, a wine buff, an opera critic, an editor of the

Londoner's Diary in the Stan-

dard (he disliked the hours), an historian of South Africa, a fre-quent butt of *Private Eye*. He

has now turned to higher things, including a book on the Wagners and a house in the

country, but in the interval,

while "resting." as he says, he has thrown together this curiously fascinating and readable volume – for which I am sure he would make no great claims – about a score of his friends

and acquaintances. The twist is that they are all dead.

is that they are all dead.

"These were all people whom in some degree I knew, liked, loved, admired, and of whom I could say that their liking for me made me think better of myself" (this last phrase is acknowledged as being Ayer of

Orwell). That sums it up, and covers the awkward disparity

Between these two extremes, Patrick Cockburn, the FT's Moscow correspondent from 1984-88, sensibly steers a mid-dle course. Getting Russia Wrong is largely made up of his dispatches from that period, grouped together to illustrate particular themes: ethnic politics, glasnost and corruption, the economy, foreign policy, military exigen-cies, and so on. He was able to travel fairly extensively, and his notes on Georgia, the Soviet Asian Republics, Eastern and Western Siberia and the Virgin Lands are especially vivid and informative.

There are, of course, risks involved in re-printing newspaper reports. For example, in reviewing Mikhaii Gorbachev's first year in power, Cockburn remarks that "the pressure for structural economic change might be greater if the Kremlin

GETTING RUSSIA WRONG: THE END OF KREMLINOLOGY by Patrick Cockburn Verso £22.95 (£8.95 paperback) 228 pages

faced an economic crisis or a fall in output. In fact, despite ossification of parts of the economic structure and the failure to modernise, it faces neither." Was that so, when that dispatch was written in December, 1985? It was certainly contradicted a short time later.

One must also enter a caveat about his treatment of the nationalities' problem. "Nationalist unrest," he writes, "has emerged as the single, most potent, but also most mis-understood, threat to Gorbachev and reform." But he continues: "Some theories are not so much untrue as irrelevant. Thus, the relationship between Russians and non-Russians is changing, but there is no reason to suppose that a fall in the number of Russians below half the population will have a significant impact on the dis-tribution of political power."

This begs several questions. First, the demographic curve is tilting ever more rapidly against the inhabitants of the

although the latter can main tain control for the foreseeable future, this will become more and more difficult. Second, speculation about population trends was for many years a taboo subject, and, despite glasnost, the authorities can hardly be expected to view it

with equanimity even today. But Cockburn is surely right insist that Kremlinology in its classic form is useless as an instrument of analysis of the Soviet Union under Gorbachev. What matters is not "the attitude towards reform of traditional state institutions such as the KGB, Secretariat, Central Committee, and armed forces, but . . . the political impact of Gorbachev's ability to appear at will on *vremua*, the nine o'clock news."

In a final summing-up, he also insists that what Soviet society has been manifesting over these past five years is not a brief spring but "an overwhelming propensity for change." This is well observed. There can be no going back, although one may still feel a lingering doubt as to whether Kremlinology can even now finally be consigned to the dustbin of history.

Erik de Mauny

Tales from the Deep South THE MADWOMAN lies

Fiction

scorched in the slaves' quarter, the master's house is burning, but the small plain young girl destined to become his wife has not yet been born.

Lucy Marsden is the child-bride of an ageing veteran who fought in the American civil war when he was 13. The Yan-kees shot his best friend, destroyed his mother, reduced his mansion to rubble. Lucy finds out too late that she must pay for the sins of her fathers
in particular, the nightmares of a shell-shocked confederate patriarch. Her hus-band brutalises her in and out of bed, disappears when she's giving birth to their ninth

child, and, in a neat twist of plot, accidentally blinds the son named after his lost buddy. But Lucy endures. She's 99 when we meet her; half-blind and confined to a wheelchair in a state nursing-home, she recollects her childhood, her tales, the slave tales she gathers from Cassie, the other mad-

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Faber & Faber £12.99, 718 pages woman of the tale, the master's

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Typical of so many American novels from Huckleberry
Finn to Little Women, the most passionate, unselfish relationships are between members of the same sex: the two boys marching off to war holding hands; Lucy swearing blood oaths with her best friend Shirley, crawling into Cassie's lap after her husband nearly kills after her husband nearly kills their son, the ex-slave's enormous body offering more pleasure than her husband's "tree root deformity." But even these relationships, less tainted with conquest than heterosexual love, show the blight of a society divided by colour and class.

This huge, ungainly book never deepens into a novel; it piecing together a patchwork

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WITH CHRISTMAS IN MIND

remains a collection of short stories linked by the gutsy, wise narration of Lucy Marsden. The writing dazzles us with its rich metaphorical language, its folksy dialectics, its clever, if somewhat long-winded, stury-telling. But it is Lucy's life which moves us: her lonely tomboy

adolescence in a parochia Southern town, her wedding night spent gasping for breath under a heavyweight vet fight-ing the war in his dreams, her everyday life listening to the companionable sound of water boiling in the kitchen.

The stories of war — the vain lieutenant taking revenge on the one virgin who won't have him by dumping maple syrup over her harpsichord, the Mary Brothers' trible comments. the Marx Brothers' style escape from a Yankee prison, the long march home of starving soldiers too proud to beg -though more shocking and original, remain tall tales. We're aware of Gurganus making them up as he goes al

Yet Lucy's story can only be understood through this paral-lel chronicle of a nation feeding on human flesh: the slaves of the South, child labour in the North, and the young solthe North, and the young sol-diers sacrificed in wars of com-merce and empire in Appomat-tox and Vietnam. "They take nearbout everything good, these goddam whites," Cassle says, when her senile ex-mas-ter spreads his faeces on her homemade mink coat. We can't tunmake history even if our

homemade mink coat. We can't unmake history even if our own scars appear to heal.

In the end Lucy takes her first aeroplane trip and sees a stripe of bright green in the forests below, stretching all the way from Virginia to Georgia, the path of Sherman's fires. It seems the trees thrived on charcoal and grew back stronger than those left untouched. "I want to speak a fact that Green just taught me," she declares. "The war is over." For once, we don't believe her. For once, we don't believe her.

Wendy Brandmark

Chess

THOSE REMARKABLE Polgar A manual, a folio and a booklet concline to tell you see how to write but how to make your writing pay; what to write and where to sell it. Very helpful sisters from Budapest Zsuzsa, 19, Zsofia, 15, and the brilliant Judit, 13 - again displayed their immense promise at the Barbican Centre, London, last week. Their match against three of Britain's best young masters - David Norwood, 20, Stuart Conquest, 22, and the UK's youngest-ever champion, Michael Adams, 17 - was full of inventive play and ended in a 9-9 draw after THE COMPLETE COOKERY the sisters recovered from a three-point deficit.

Both Norwood and Adams are grandmasters, and the Fide rating of the English team

averaged well over 2,500. The sponsor, porcelain importer International Bullions,

warded the Polgars the match

trophy as the moral victors.
As a spectator event, the

match was another successful

demonstration of rapid chess,

netic time scrambles, notably the second game between the

the second game between the two potential world champions, Adams and Judit Polgar. In the end, he was beaten by her instant, table tennis-style reactions – but he had the best overall score of 4%6, followed by Zsuzsa, 4, Judit 3, Compared by Maywood and

Conquest 24, Norwood and

At present, the Polgars are

the top attraction for chess

organisers and sponsors and they are in demand all over the world — at least as much as

Kasparov and Karpov. They

flew to London direct from a

league match in Holland,

where they are contracted for

Hilversum. Their opponent, Rotterdam, was led by Victor

Korchnoi, who could only draw

with Judit. Both Zsuzsa and Judit are playing for the Hun-

garian men's team at the Euro-

pean championship in Israel,

while Zsofia takes on Kasparov

in the first round of the Infol-

mk European knock-out speed championship which Thames TV will screen early next year.

There are still sceptics, Kas-

parov included, who say that the Polgars will not maintain

their rate of progress once they come up against the strongest

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grandmasters. As yet, though. grandmasters. As yet, though, there is no sign of this happening to Judit. The quality of her games and results at age 13 compare well with Fischer or Kasparov at 15, while her tactical style and board vision corry echoes of another world. carry echoes of another world champion, Mikhail Tal, at 20. Although Zsuzsa is rated "only" the No. 2 woman in the world (after being No. 1 at age 16), she made a very good impression at the Barbican. This week's game, completed in under an hour, is a classical exhibition of strategic control

against an early queen sortie. White: Zsuzsa Polgar. With: 281283 Polgar.
Black: D. Norwood.
Modern Benoni (England v
Hungary 1989).
1 d4 g6 2 c4 Bg7 3 Nc3 c5 4
d5 d6 5 e4 Nf6 6 Bd3 0-0 7 h3.
If at once 7 Nf3 e6 8 0-0 exd5

9 cxd5 Bg4 10 h3 Bxf3 11 Qxf3 Nbd7 when Black aims his with 30 minutes per player for the entire game. Several encounters culminated in freknights at the outpost squares e5 and f4.

7 ... e6 8 Nf3 exd5 9 cxd5 a6. Black's normal plan in such positions is the sacrifice b5!? when 10 Bxb5 Nxe4 11 Nxe4 Qa5+ or 10 Nxb5 Nxe4 11 Bxe4 Res with 15 should regain the piece and open up the centre. Black's slower approach allows White to consolidate her space advantage.

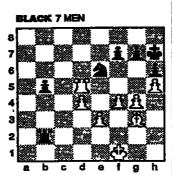
10 a4 Nbd7 11 O-O Res. Here Ne8 looks better, with the idea 12 Bi4 Ne5 13 Bxe5 dxe5 and blockade by Nd6. 12 Bf4 c4 13 Bc2 Nc5 14 Re1

White planned either a cen-tral break by e5 or attack on the weak pawn by Nd2, so Black gives up his Q for sev-

eral pieces. 15 a5 Qxb2 16 Ra2 Qxc3 17 Bd2 Qb3 18 Bxb3 cxb3 19 Ra3 Nfxe4 20 Rxb8! Giving back some material, but Black's remaining force becomes scattered and vulnera-

... Nxb3 21 Qxb3 Bi5 22 Bf4 Bc3 23 Re3 Bxa5 24 g4 Bd7 25 Qxb7 Nc5 26 Qb2 Rxe3 27 BXe3 Ne4 28 Bb6 Bc3 29 Qb7 Rd8 30 Qxa6 f5 31 Ng5 Be5 32

Black stopped the queen's diagonal threat to mate at g7, but there is another way to reach f7, g7 and f8.



WHITE 8 MEN 32 ... Nc5 33 Ne6! Nxe6 34 dxe6 Be8 35 Qe7 Resigns. PROBLEM No. 799

A. Belyavsky (USSR) v. A. Rodriguez (Cuba), world team championship, Lucerne 1989. White (to move) is a pawn up but Black seems to have fighting chances with his strong rook and passed pawn. But it took Belyavsky just two moves to force resignation after his opponent missed the subtle point of White's first turn. How did the game end?

Solution Page XXI

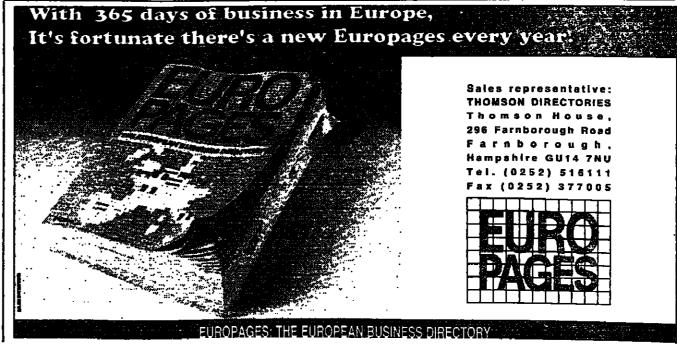
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No hang-ups about contemporary prints

This market has shot ahead in value over the past year, says Antony Thorncroft

N YEARS ago the London dealer Bernard Jacobson took possession of a print I to him by the artist Howard Hodgkin. It came in an edition of a hundred. Jacobson sold some for £500 each, and offered others to fellow dealers at a discount. Today he has one left, priced at \$35,000, but he is reluctant to sell.

His caution is understand-

able. Last Saturday an example sold at Sotheby's in New York for \$29,900, around double its retail price of a year ago. Soth-eby's is offering another next Friday in its London auction of contemporary prints with a top estimate of £12,000. Despite the fact that the colours in the cat-alogue illustration are all at sea it looks a modest forecast.

But then the auction houses are finding it hard to keep up with the escalation in value of certain contemporary prints, a market which at the top level has probably out performed all others in the past year. No wonder dealers crowd the sale-rooms, telephones at the ready. to call back to their galleries with instructions to raise all prices when a print goes under the hammer for a higher wholesale price than they are offering it in their retail out-

For example: last Saturday Sotheby's in New York secured a price of \$275,000 for Jasper

(1) The Latique Sale



Gregory Evans by David Hockney: estimate £2,500

John's silkscreen Flags I, produced in 1973 in an edition of sixty-five. A year ago the same image realised \$154,000. In the meantime, in a phenomenally successful sale that Sotheby's held last month in Tokyo, one

went for almost \$400,000.
For example: David Hockney's 1969 lithograph "Pretty Tulips" is a very familiar image. It was printed in an edition of two hundred, and two years ago was selling for £3,000, around ten times its

reasons why you simply must do your

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Wednesday, 29th November at 5pm (2) Christmas Presents - The Knightsbridge Selection Thursday, 30th November at 5.30pm

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tmas gift. Prices range from the trifling to the highly indulgent, but in every case offer extraordinary value. More importantly, your gift

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(4) Sale of Modern & Contemporary

(3) Sale of Contemporary Ceramics

Sales on view three days preceding, including Sunday afternoon.

Bonhams special series of pre-

welcome the fact that prints come by the identical hundred If a rival down the street has Andy Warhol's famous silkscreens of Marilyn Monroe (a set of ten made \$495,000 at Sotheby's last Saturday while Christie's secured \$506,000, spot on target, for yet another set on Tuesday)) it is a positive encouragement to other Japanese nouveaux riches to get a copy. And anyway the profusion of similar prints means that there is an active market: if you collect rare Old Master prints you might have to wait years for a particular example to surface.

original price. Last June Soth-

eby's sold one in London for £14,300, and is offering another

on Friday, estimated at £10,000.

Christie's version at its London

sale on Tuesday has a £15,000 top estimate.
For example: "Crying girl," a

powerful cartoon strip image by the pop artist Roy Lichten-stein, was printed in reckless

numbers (probably around a thousand) in 1963 and given away by the Castelli Gallery in

New York to serious buyers of its other stock. Last May an example sold for \$28,600 at auc-

tion; within the past week it has been knocked down for

has been knocked down for \$35,200 at Sotheby's and \$38,500 at Christie's, which makes Christie's London top estimate of £8,000 on a copy it is offering on Tuesday seem a bargain, despite a slight tear.

It would be foolish to think that all contemporary prints have shot ahead in value. It is only those produced by a small group of artists (mainly Ameri-

group of artists (mainly Ameri-

can) who have international appeal. The key to the appreci-

ation is the strength of Japa-nese buying which competes with persistent American demand. The Japanese have no hang ups about the uniqueness

of works of art. In fact they

American buying is partly inspired by the desire to own a fairly affordable work by the hand of a great contemporary American artist, like Jasper Johns, whose paintings can now exceed \$10m. And unlike Old Master, 19th century or even "modern" prints, the con-temporary article has the freshness and immediacy of created art, with few problems

has an artist-come-print maker with an international reputation. Anyone bright enough to have bought a Hockney print for £100 or less 20 odd years ago will have done very nicely, although it his later, brightly coloured prints, such as the 1985 lithograph "View of Hotel Well II," (which sold for \$45,100 in May and \$57,700 last month in New York) which have in New York), which have shown the most rapid apprecia-tion. Even so a black and white etching of 1971 "Rue de Seine," which Christie's was estimating at up to £6,000 a year ago, now carries a £16,000 top estimate on Tuesday. Between them Sotheby's and Christie's are offering almost a hundred



prints by Hockney, but only a handful carry an estimate of

Howard Hodgkin is starting to appeal to an international for £19,250, and he has recently returned to the art form with

porary British artist, Francis Bacon, who has topped the \$5m mark at auction, has a difficult reputation in this field. There are a few prints in his name but most examples are reck-oned to be signed reproduc-tions of his paintings, enhanced only by his signa-ture. Other painters whose auction prices for paintings now push £50,000, like Allen Jones and R. B. Kitaj, are still strangely over-looked Sothestrangely over-looked. Sotheby's offered three prints by Kitaj in the summer, sold one

Obviously condition is important in determining the price, but more worrying is the unsettling speculative element in contemporary prints. They appeal to new, market minded, collectors rather than to committed connoisseurs, who lose themselves in the intricacies of Old Master prints, and art-asan-investment has a volatile history. Prices at the highest

Money and the arts

Despite the recent government handout, the big four are not yet out of the red says Antony Thorncroft

folklore. The Prime Minister rarely watches televi-sion but she happened to pass a set that was transmitting Sir Peter Hall's famous "coffee table" speech at the National Theatre where he demanded extra money for the arts. His impassioned cry was regarded as whingeing, and the arts received a miserly rise in grant that year.

The Arts Council has absorbed the lesson and now absorbed the lesson and now makes its case for money discreetly. The Minister for the Arts, Mr Richard Luce, a former diplomat, is also a practiced believer in the soft approach. Last week low key pressure seemed to have paid off. The arts received a 24 per cent rice in funding over three cent rise in funding over three years and the Arts Council was rewarded £15m more than its original 1990-91 target, a total of £174.9m.

of 1745m.
The Council quickly decided that its four "flagship" national companies – Royal Opera House, Covent Garden; English National Opera; Royal Shakespeare Company; and Royal National Theatre – should each get 11 per cent more, as against the 2 per cent originally allocated: but the extra money was delivered with the caveat that they should now get on with organ-ising their affairs efficiently —

and no more whingeing.

Which puts at least three of the four in a difficult position.

Of course they are delighted

bonus, but it will not erase the sizeable deficits budgeted this year by Covent Garden, the ENO and the RSC. Only the National Theatre, which has improved its financial position by playing host this year to subsidised foreign drama companies and boosting sponsor-ship, should get by fairly com-fortably on its extra £900,000, to a total of almost £9m.

At Covent Garden the future still looks very bleak. It is on course for a £3m deficit this year and by January will have an overdraft at the bank. The additional £1.5m (to a total grant of £13.38m.) will ease things slightly but general director Jeremy Isaacs now-faces the task of putting together a package involving a substantial increase in seat prices, plus cost cutting in such non-money making areas as educational work.

About £2m of the 1989-90 shortfall comes from the fall-ure to hit the corporate spon-sorship target. Companies face too many financial problems to fund £100,000 plus new productions at Covent Garden. This drying up in business aid could. also depress one obvious money raising move - a sub-stantial increase in the price of corporate seats. But Jeremy Isaacs is very loathe to cancel new productions. He still wants to make Covent Garden

fresh and exciting.
The situation at the ENO is slightly unreal. Its deficit of

with such an unexpected £300,000 is manageable, especially with the additional 2776,000 in 1990-91, to a grant of £7.8m. But from April it stands to lose the £1.25m it receives from Westminster City Coun-cil. The arrival of the Poll Tax apparently makes such aid-impossible. The ENO hopes that somehow Westminster, the Government and the Arts Council will assemble between them a a substitute package. It might not match the old sub-sidy but it should keep the ENO in business.

The RSC anticipates a "cash deficiency" for 1989-90 of £2.5m. Once again next year, thanks to a £600,000 increase to just over £6m, might be more comfortable, but the burden of debt is a constant drain on the RSC. Its options are limited: it can't cut new productions — that just leads to smaller audiences. It can't cut the cost of its pro-ductions: it has saved money here steadly over the past five years and audiences are starting to notice. It can't starting to notice. It can't really save on the size of the company — Shakespeare wrote plays with rather large casts. Like the rest of the Big Four the RSC is hoping that sponsorship will help solve a financial problem, which it describes as containable rather than mortal

than mortal.

Last word from Luke Rittner, secretary general of the Arts Council. "The companies can't expect any more. It would be a mistake for anyone to say they have not got enough."



lowing a contemporary British artist might take an enjoyable modest flutter on any prints he, or she, produces.

A first step could be a visit to the Original Print Fair at the Royal Academy in London for four days from next Friday

market, and his prices are much lower. Another leading British artist, Lucian Freud, one of whose oils has just sold for over \$2m, is now attracting the attention of print collec-tors. Anearly etching of the 1940s sold in London last June an edition of prints priced below £10,000. They should prove good investments. The most expensive contem

for under £200; and bought in the other two. The hefty catalogues pro-

duced by Sotheby's and Chris-tie's for their print sales have an uncanny resemblance to mail order catalogues. The big names, notably Johns, Warhol of forgery.

and Hockney, are on offer by
In David Hockney the UK the hundred. Often an image a certain level for a few months and becomes very predictable; and then greedy sellers receive a shock. Last Tuesday, for example, Christie's failed to sell a version of Flags I, although the bidding did reach \$260,000.

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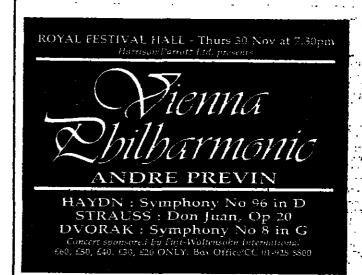
when there will be plenty of contemporary prints for sale along with the older stuff.

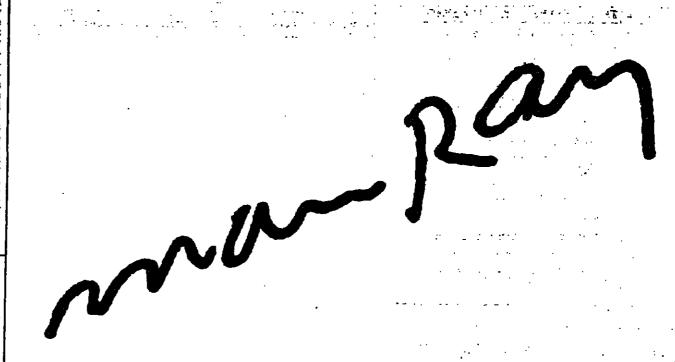
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Focus on the Turner Prize

The purse may have doubled, but all is not well says William Packer

HAT IS to be done with the Turner Prize? This year's in the series and sponsored again by Drexel Burnham Lambert to the tune of £10,000, was announced last Tuesday at the dinner given at the Tate to the great and good of the Brit-ish Art world. In the event, the whole thing came dangerously close to anti-climax.

Few, I suspect, would wish to see the Turner discontinued for a valuable sponsorship and the opportunity it affords are not lightly to be thrown up. The Turner still commands considerable goodwill and the sponsors have confirmed their commitment for the next two years with double the purse, so any worries are not immediate. But few would claim that all

But few would claim that all was yet well and the Turner Prize all it might be.

I have supported the Turner Prize from the start, seeing little harm in some low fun to be had in the betting shop in the good cause of celebrating the best of contemporary art in Britain. But there's the rub: too often it has seemed that not the best, but only the not the best, but only the trendy or meretricious has been entered in a race fixed from the start. The Director of

HOUGH IN 1781 Arch-

bishop Colloredo of Salzburg had literally kicked Mozart out of

his service, two years later he got the brilliant pair of Duos

from him, probably without

knowing it. That summer, Mozart revisited his home town

(worrying even than that he might be arrested) and found

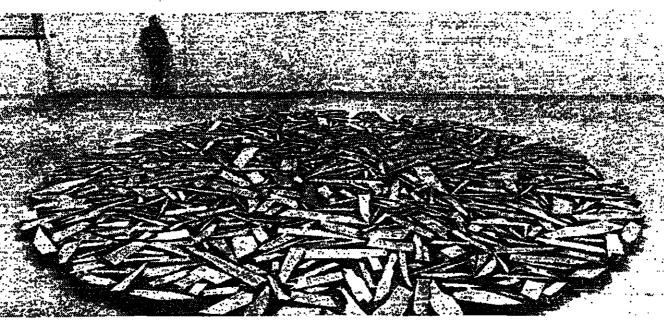
Michael Haydn - an under-or-



the Tate, Nicholas Serota, was surely right last year to nar-row the field to artists alone, entered at more or less ever weights, and he seems to have recognised that his initial refusal to declare the runners beforehand was mistaken. The short-list, essential to any such event in generating discussion and partisan support, has been restored, if only that was not a short-list but an acknowledge-ment "of a number of artists singled out for their special

So far so good; but the central problem is still that the Turner Prize remains unfocussed, looking at artists in their general career rather than specific achievement. Such citations as those given

match the best of Mozart's solo



this year - for the importance of her example as a painter, for the continuing innovation and uncompromising beauty of (his) ambitious paintings; for the enduring influence and importance of his sculpture; for the moving affirmation of abstract painting — just will not do. That the Turner fails to catch the public imagination in the manner of the Booker Prize, with which it might compare can only be because compare, can only be because the Booker is centred not upon the author so much as his particular piece of work, which the public itself can consider on its merits.

This is the nettle that has to be grasped: the Turner must address itself to particular works of art and its jury have

In either case Tabea Zimmer-

mann makes a sterling partner for the Salzburg violinist Thomas Zehetmair, whose usual quirky imagination is especially apt here. Together,

they respect the intimate scale but light it up with feeling,

where other performers tend to be sternly devout. Felicity Lott

does something similar in her

delectable programme with Jane Glover and the LMP, half

of it recapitulated from a Sep-

tember Prom.
On record her soprano is still

more obviously a Romantic instrument, quite different from the bird-like voices often heard in Mozart "concert"

arias (here including not only

the "Exsultate" motet and two numbers from his early operas,

but arias written for inserting into other people's operas). She

Records

Much Mozart, and more

the confidence to say: "look here, upon this picture, which is in our opinion the most dis-tinguished lately to have appeared." The horses must be walked into the paddock: the preliminary exhibition must be reintroduced. This might make for difficulties, given the often lengthy processes of art's production, but the period of qualification might well be extended to the previous two years. And again like must be matched with like: neither out-and-out stayers nor out-and-out stayers nor out-and-out sprinters are put into the Derby, but have races of their own. It might be that sculpture and painting should be given alternate years.

The irony is that this year's field, albeit unofficial, was the

there has been. Its only aberra-tion was the inclusion of Lucian Freud, which made the possibility of any other winner nonsensical; and the only true outsider was the installation maker, Richard Wilson. For the rest, the painters Gillian Ayres, Paula Rego and Sean Scully, and the sculptors Rich-ard Long and Guiseppe Pen-one, were all in with a fair and one, were all in with a fair and equal chance, so much so that any one of them would have been generally acceptable and uncontentious winners.

Freud, of course, did not win. The prize went to Richard Long the long distance walker.

Long, the long-distance walker and circle-maker, an acceptable and even predictable choice. And if the evening

ended in anti-climax, it was largely Mr Long's achieve-ment. Though he would make himself available to the Press next day, he was not present to receive the award in person, thereby effectively letting down the guests, the organisers and, above all, the sponsors. He allowed his name to go forward, is experienced old enough to contain his disappointment had he again failed to win, for he had been nominated several times before. No doubt his excuses are persuasive, but until we hear them his absence seems

strongest and best-matched

at best, ungracious. Art, as it has its privileges, has its obligations too, from which artists are not exempt. playing; and if Bolet is less darkly ruminative in the "Wanderer" Adagio itself than

grace, dignity and style: mar-velious keyboard voicing and chord-balance, exact appreciation of Franck's harmonic nodes. I may even yet be converted to the other, more stiffly

A similar pudeur about Debussy's fleeting, wilful suddenness, and his occasional "popular" excursions, prompts my only reservation about Bolet's 16 Preludes — though one would love to know why he set aside the other 8 of Debussy's two dozen! Otherwise his mediane and rights.

A hasty last note: Elizabeth Maconchy's 13 String Quartets are appearing in successive volumes on Unicorn-Kanchana, each volume entrusted to a dif-ferent young quartet under the composer's tutelage. This is not a parochial event. Maconchy, now 82, is a born quartetcomposer, perhaps even the best between Bartók and Elllott Carter, and her oeuvre stretches from between-thewars to 1984 - British but cosmopolitan too, astringently concise, tonality steadily fad-ing but clear thematic argument passionately upheld. Each quartet fairly crackles. Her remarkable first four, in the incisive Hanson perfor-mances, will whet almost any

David Murray

Radio

Listening in on Europe

ACQUES DARRAS'S first Reith Lecture, on Radio 4 on Wednesday, was called Beyond the Tunnel of History, and its theme was the different paths to democracy taken by different nations. He began with a look at the Grande Place in Brussels, where great buildings represent, side by side, princely power and municipal power. He turned to the slight obliquity of the Piazza San Marco in Venice, that stands for the touch of instability that makes stability

But the facades that we see But the façades that we see are often not authentically historic but copies, perhaps altered as necessary. In Paris, the Champ de Mars today does not reproduce the muddy square where King, Church and people gathered for the Fête de la Fédération. The French path to democracy ran through replacement, the Britthrough replacement, the British through tradition. I can give only a brief summary of Professor Darras's enchanting talk; the series is printed in *The Listener*, and will be well worth reading. Next week we begin with the Marquis de

I thought this week's Europhile an improvement; it suggested a magazine programme, not a news channel, and was freer of sound-effects. Nothing about the Berlin Wall, but vivid reporting of Polish food queues and soup-kitchens. Good lighter stuff, about the remote Spanish village taking its government to the European parliament to save itself from a new bombing-range, and about the Slow Food Movement in Italy, campaigning (under Dario Fo) against fast food. Specially encouraging, the sound of a demo in

As if to underline the varied cultures of Europe, on Saturday Radio 3 gave Fanta Film, a bizarre play by Pietro Formentini, produced by RAI. King Kong (Alberto Rossatti) enters a supermarket and seizes a girl (Anna Radice). He offers flowers and jewels ("supermarket jewels") to coax her to kiss him. When she finally does, in the true tradition of Beauty and the Beast, King Kong is only a man - a small, ugly man, who is just doing an

experiment in international psychology. Next, he is to repeat the experiment with Mickey Monse

The dialogue was in Italian, English, French and German, a touch of Spanish, possibly other tongues I didn't catch. Some lines were repeated in several languages, some just spoken in one. King Kong. being a naturalised American ape, mostly spoke English. It was more amusing than Options, where the language lessons are practical, and an analysis of the state of enjoyable exercise for us with our useful modicum of Euro-

pean tongues.

Both of Radio 4's big plays this week dealt with people writing scandalous records. Saturday's The Field Marshal's Memoirs, adapted by James Brabazon from a novel by John Masters, concerned a senior Army officer (Jeremy Kemp) and his misdeeds in a Yugosla-vian campaign that I didn't recognise. It had some paperback excitement, but nothing better.

Monday's monologue by Peter Shaffer, Whom Do I Have the Honour of Addressing?, fifth and last of the Globe Theatre series, also contained paperseries, also contained paper-back emotions, but from a bet-ter paperback. On what may, or may not, be a pre-suicide tape, fiftyish Angela, a worker in an agency typing film-scripts, tells of her Hollywood romence, with mid-twenties. romance with mid-twenties film-star Tom Prance. Tom runs a "rehab centre" in Los Angeles for druggies, and he takes Angela on for her basic Englishness, to work there and also help him adopt old-time

English manners.
There is warning early in the tape of an early bust-up; we need only worry what it will be. Angela learns that Tom practises sexual eccentricities with his friend Bud, and makes a scene at the studio. She also discovers Bud "shooting up" in her apartment. Tom, his face gashed in the studio fracas, sends her home and she decides to end it. Or not. Colourful it is, but predictable. The pleasure lay in Judi Dench's performance. Glyn Dearman directed with

B.A. Young



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ART GALLERIES

sonation, though she has fun with the buffo "Voi avete un cor fedele." Instead, she sculpts her phrases with shining recti-Mozart: Duos for violin & viola in G, K.423, and in B-flat, K.424. Michael Haydn: Duo no. 1 in C. Zehetmair, Zimmermann, Teldec 244 192-2 tude but also invests them Mozart: "Exsultate, jubilate" K.165, and 7 arias. Lott, Glover/ with cunningly sensuous

curves, as if viewing the period manners of the music through a modern sensibility. The resultant glow is irresistible. There are people still who claim that the Flott timbre lacks an individual stamp—but they used to say that about London Mozart Players. ASV CD DCA 683 Mozart: Piano concerti in C minor, K.491, and in C major, K.503. Uchida, Tate/English Chamber Orchestra. Philips 422 but they used to say that about Suzanne Danco and even Cres-331-2

Mozart: Piano concerti in B-flat, K.456, and in F, K.459. Same artists. Philips 422 348-2 Liszt: "Wanderer" Fantasy, after Schubert (with Solti/Lon-don Philharmonic), and 9 solo pieces. Bolet. Decca 425 689-2 Franck: Variations symphoniques (with Chailly/Concertgebouw). Prelude, Chorale & Fugue. Prelude, Aria & Finale.

Bolet. Decca 421 714-2 Debussy: 16 preludes. Bolet. Decca 425 518-2 Elizabeth Maconchy: String Quartets nos. 1 - 4. Hanson Quartet. Unicorn-Kanchana

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poise: its gleefully headlong address may strike some listeners as bracing, others as slightly over-hectic, though plenty of sharp insights

emerge.
The pianist Jorge Bolet has long since grown into a kind of selfless mastery, and his latest CD releases make a distinguished feast. (Not, thanks be, a memorial! — he is reported to be recovering well from his recent serious illness.) Most of his winters. his vintage programme of favourite Liszt is reissued, as it eminently deserved to be, but the transcription of Schube "Wanderer" Fantasy with orchestra is new. Colossal energy, sympathetically abet-ted by Solti, and ultra-lucid

CHESS No. 799 1 g5t hxg5? 2 f5! Resigns. Black's knight is lost, for if Nf8 3 Rd8 Kg8 4 Bd6.

. The cycle of Mozart's piano concerti by Mitsuko Uchida

and Jeffrey Tate with the ECO proceeds with unflagging vital-ity, and all the rewards that

attach to giving the orchestral solo voices near-parity with

Miss Uchida's piano, a dashing prima inter pares. In the next-to-latest release K.491 and K.503 drop part of their con-ventionally attested charac-

ters, the one less baleful and Romantically haunted than

usual (though Tate makes much of its long chromatic lines), and the other more of a

sophisticated, even-handed dialogue than a grand oration with trumpets and drums.

There, we're used to a dom-inating, masculine protagonist. Uchida is artfully feminine and

confiding, even granted her own bold cadenzas, which makes for a provocatively dif-ferent balance. In their most

recent instalment, the B-flat Concerto K.456 is an incontro-

vertible joy, at once poised, dazzlingly argued and spring-ing with fresh ideas. So too

with their K.459 in F, bar the

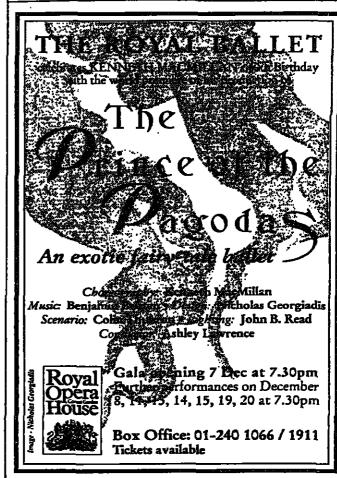
some middle-European pianists, he and Solti deliver the Scherzo and Finale with tingling authority. His Franck record is a trea-sure. The Variations (with Chailly's svelte support) and the evergreen Prelude, Chorale & Fugue are peerless models of

academic Prelude etc., given Bolet's majestic exposition. If anything is wanting – not very gravely – it's just the odd playful and/or buoyantly vul-

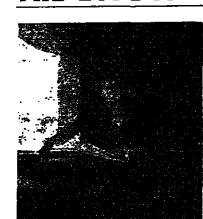
gar touch, a disarming Franck vein (cf. the 8th, Chopinesque "variation symphonique" and the jaunty Finale tune) which the gentlemanly Bolet prefers not to exploit.

wise, his readings are richly and faithfully coloured, deep, and paced to a judicious nicety beyond any current native-French accounts that I know (let alone Michelangeli's): they set a standard

music-lover's appetite for the volumes still to come.



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Marcel Duchamp: 'L.H.O.O.Q.' or 'La Joconde'. Signed and numbered 12/35. Executed in 1964. Reproduction with pencil 114 x 8 in. Estinute: £8,000 - 12,000

MARCEL DUCHAMP'S version of the Mona Lisa is one of his most famous statements about art. While the addition of the moustache, beard and the French onomatoporic inscription L.H.O.O.Q.' was typical of the inherent humour of the Dada movement, the work is also a serious repudiation of the values of art. This example will be included in the first sale devoted to Dada & Surrealism at Christie's, King Street on Wednesday, 29 November at 7.00 p.m. The sale also includes important works of art by Dali, de Chirico, Ernst, Hausmann, Magritte, Man Ray, Miro and Tanguy.

For further information on this and any other sales in the next week, please telephone (01) 839 9060.

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Light, healthy, exciting: a cuisine for the '90s

Japanese cooking is the coming thing, says Nicholas Lander



ask me for a racing cer-tainty in the 1990s, I nese restaurant in Derby. News that Toyota has chosen this area of northern

England for a new factory will not only ensure a loyal audience but will also bring a phalanx of Japanese suppilers in its wake. And the Japanese

even more, I believe, than either
the Chinese or the Italians - love
their food; so much so that Japan Air
Lines has just installed a sushi bar in the departure lounge at Heathrow Terminal Three.

Anyone who has seen the film Tampopo, a brave woman's determination to create the perfect noodle bar, will appreciate this; and now, as the Japa-nese spread their influence across the

world, they are going to affect what and how you eat and drink.

In many ways, the Japanese are the ideal investors in the food and wine world because they are always prepared to take the long-term view—definitely. definitely, a prerequisite for both these businesses. Japanese companies now own vineyards in Bordeaux and California and a division of Sumi-tomo, one of Japan's leading trading houses, bought the three-star Paris restaurant Lucas Carton with a view to marketing its chef, Alain Sender-

ens, and his products world-wide.

Talks are also under way to take two other three-star restaurant proprietors from Paris – Joel Robuchon from Jamin and Jean-Claude Vrinat from Taillevent – into partnership in a French restaurant in Tokyo that

will open in 1994.

On a more down-to-earth level is the story of the blue-fin tuna. This is the best tuna available and essential in either sushi or sashimi, two of the the ettner sush or sashini, two of the better-known Japanese raw fish dishes. As demand in Japan began to exceed supply, trading companies started to scour Europe for supplies.

The first stop was Rungis, the huge fish market of Paris where tuna used to available from the Eventh Meditare.

to arrive from the French Mediterranean fishing ports. Soon, the Japanese had located the sources of the fish and were buying direct from the coast: so much so that there was hardly any tuna at all coming on to the Rungis market this summer.

Not content with France, these trading companies have moved on and have now made contact with fishers of tuna from Spain to Turkey. There is not a single fleet in this area that does not know the price it can

IF SOMEONE were to get for its catch, put under ice and ask me for a racing cerair-freighted to Tokyo.

As many of these tuna shoals are now detected by solar beams, they stand little chance once found; it is to be hoped that the Japanese do not fish the tuna to the limit they have done with whales

They may not be model provision-ers but the Japanese can teach us a lot about cooking, and it is possible to appreciate this without actually liking their food. The essentials are the freshest ingredients often eaten raw and, when cooked, cooked as quickly as possible (frequently, on the highest possible heat) and then presented as beautifully as possible. Japanese cooking has long connected the eyes to the stomach, and this emphasis on

It is to be hoped the Japanese do not fish tuna to the limit as they have done with whales'

sentation will be a lasting bequest

Western cooking.
The most dramatic consequences of this Japanese influence can now be seen in many of the better restaurants in California which, with the benefit of a common ocean, has adopted Japanese ingredients and cooking tech-niques wholeheartedly. In fact, one of the chefs most responsible for the upturn in California cooking was a Japanese named Massa, initially at L'Auberge du Soleil in the Napa Valley and then at his own restaurant, Massa's, in San Francisco before he

was murdered.

Not surprisingly, therefore, the Japanese influence on English chefs is most marked among those who have travelled to California, if not to Japan itself. In London, Alastair Little (tel: 734-5183) serves a full-blown sushi dish as a first course; Rowley Leigh at Kensington Place (727-3184) provides a dish of marinated tuna and scallons. dish of marinated tuna and scallops with ginger and soy; Martin Lam offers raw sea bass marinated with olive oil and basil at L'Escargot (437-2679); and Sally Clarke at Clarke's (221-9225) frequently has a side dish of tempura vegetables with her grilled

Nowadays. chefs (and customers) need not travel quite so far for there are a number of good Japanese restaurants in England and this number is likely to grow. There are an esti-

«IT takes 214 years,» Asserts

BERNARD HINE, « to develop a NOSE

perfectly attuned to the

NUANCES of blending fine

mated 15,000 Japanese in London and another 15,000 elsewhere in Britain a very useful core to nourish, particularly as the number of Japanese tour-

In the West End, my meal at In the West End, my meal at Miyama, 38 Clarges Street (499-2443) was very good, spoilt only by the blank total on my credit card slip. There are eight set lunches and two teppan-yaki bars where food is prepared before your eyes, but the most impressive ingredients were the helpful service and the two bowls of soup served during my meal which were served during my meal which were almost health-restoring.

At Suntory, 72 St James's Street (409-0201), the cooking was good but uninspired. In fact, the restaurant, which did so much for Japanese cooking simply by taking over the former Prunier's site in 1975 and making Japanese cooking available to Japanese cooking to Japanese cook anese cooking available to London, now seems to be suffering from a dis-

now seems to be suffering from a distinct lack of authenticity.

This could not be said of either Ginnan, 5 Cathedral Place EC4 (236-4120) or Jin Kichi, 73 Heath Street, NW3 (794-6158). I arrived at Ginnan at one minute to midday and there was already a queue of 30 be suited Japanese businessmen outside its doors. The restaurant serves as a confermine. The restaurant serves as a cafeteria for the Japanese in the City but offers no compromise on quality. The set lunches are served with rice, pickles, a small starter and tea and delivered on airline-type trays, but the fish in my sushi was as fresh and prepared as exactingly as in any more up-mar-ket establishment — as well as costing a mere £8.50.

The same modest level of reason-

The same modest level of reasonable pricing applies at Jin Kichi, where the small ground floor holds the cooking grills, a bar that seats 12 and eight small tables, with several more downstairs. Dinner for two was £36 including saké, beers and two very good dishes: skewers of grilled, crispy chicken skin and six deep fried oysters (served surprisingly, but to good effect, with a sweet dip and musgood effect, with a sweet dip and mus-tard). Not included in the bill was the warmth of the service: I counted eight "thank yous" from the staff as we crossed the 10 yards from our table to the front door.

Japanese restaurants are no longer as formidably expensive as they were

nowhere in London can compare
with ex-Prime Minister Uno's favourite restaurant in Tokyo, which had a minimum charge of £500 a head, it is also a cuisine for the 1990s: light, healthy, exciting - and one that whets the appetite without swamping it.



The Japanese way. Above: suidyaki served in traditional style. Below: An eating dish to delight the eye as well as the stomach



Pickled plums for breakfast

Peter Lewis contemplates eating some strange food from the East



while after the War, which might be one of the factors accounting for the large number of Japanese restau-rants in hig American cities. Even in the US, though, Japa-

nese restaurants depend on more than a sprinkling of Japanese custon Japanese cuisine, like Japanese society and culture in general, is much more insular than that of other nations. If you are Japanese, you could well have been brought up to like sour pickled plums for breakfast. Nobody else's idea of

breakfast even approaches So, if you get such a Japa-nese dish in London or Milan or Los Angeles, no local substi-tutes will do. Genuine imported Japanese pickled plums are the only answer.

Weekend FT food writer Nicholas Lander, who knows his way around the food whole-salers, put me in touch with the largest importer of Japa-nese foods in Britain and I have drawn deeply on its

knowledge and wisdom.
Serving most of London's
Japanese restaurants, Furusato
Foods offers a mixed bill of prepared Japanese foods imported
from Tokyo and fresh wet fish
from the capital's Billiaments from the capital's Billingsgate market, as well as some fish markets elsewhere in Europe.

Furusato, which has a shop in Camden High Street, north London, buys its vegetables from Japan. Its range of every-day Japanese groceries is very wide and, even to a Japanese food-lover like me, foreign and

It makes no concessions to the casual Western shopper. In its concrete cavern, the fish in the chilled cabinet looks as if a sushi chef has been at it already. And although the price labels on packaged goods include product descriptions in English, these give very little away (produced as they are on one of those printers that one of those printers that chemists use and you need a

But these are not everyday Western convenience foods. Sheets of dried seaweed - nori (dried laver) and kombu (dried kelp) - are used as wrappings

JAPAN has never been part of parents used rice-paper. These anyone's empire. The Americans occupied it for a stock and hoth and they are very rich in vitamins.

Japanese pickles are very

Japanese pickles are very different from those we eat in the West. They are designed to be eaten with plain boiled rice, not with slices of cold meat. Melons, plums, radishes and ginger are pickled one at a time, with the taste of the fruit coming through the vinegar. coming through the vinegar.
Pickles are one thing, though. Another, with which I have just made an acquaintance, is natto – fermented bean curd. It is at least as disputing as truffles are affective are affective.

gusting as truffles are on first meeting; slimy, smelly and foul-tasting. Apparently, chil-dren in some parts of Japan like it; others find it detestable. For me (and for most read-ers, I assume), soy sauce is soy sauce and that's that. A great deal of it comes from China

and my bottle of Sharwood's says it is a product of Singapore. But, for a Japanese, only the genuine home-grown article will do. And although – as with everything else – the Japanese product is more expensive than the Chinese, the Japanese accept no substitutes. This strange exclusiveness helps to make their food so unap-

The Japanese diet, with very slight cooking and lots of fish and greens - meat is a late and foreign arrival - is, of course, a good answer to heart disease, although not all Japa-nese habits lead in the same direction. The habit of drinking whisky with workmates is the kind of thing at which my

doctor would draw the line.

I asked Mr Sakai, of Furusato Foods, to recommend a Isnanese restaurant to which I hadn't been and the one with which he came up - the Shogun - is just across the road from the American Embassy in London's Grosvenor Square. It was not cheap, but I don't think anyone would expect that in Grosvenor Square, Course after course of delicious food and no natto in sight.

I had hoped, secretly, that Furusato would get me an introduction to the Honda executive canteen in Reading, Berkshire. But I had to be content with the Shogun, which was very good although I didn't learn anything new.

Chewing and brewing . . .

Giles MacDonogh reflects on the origins and traditions of sake



major city in Japan reveals a face of the Japa-nese very different from the one of diligent sobriety usually por-trayed by Western analysis of

the economic miracle. Blue-suited office workers stand arm-in-arm on footpaths sing-ing of cherry blossoms and lost worker follows a meandaring trail through city traffic. In a recessed entryway, back to the crowd, is a section chief

from an electronics firm, engaged in a common form of civil pollution while chattering about the foibles of his coworkers. In the trains, home-ward-bound at last, packed hordes of the feverishly unsteady intone as if in a single chorus: "This time for sure, I am giving up saké!"
This refreshingly Bacchic

portrait of the Japanese at play comes from Hirochi Kondo's Saka a Drinker's Guide, which is useful for anyone wanting to understand Japan's traditional alcoholic drink, which has now been whittled down to a mere 21.6 per cent of the market

share through competition from beer, whisky and wine.

The Japanese learnt the secret of rice brewing from the Chinese some time before the 7th century AD. Before they mastered the ambient yeasts that provoked the rice to ferment, saké was a crude, slightly alcoholic mash. One of the earliest versions required virgins to chew the rice and spit it into a vat, their saliva acting as a starter for converting rice starch into sugars. This was called "beautiful woman's saké."

In the Heian period (AD 794-1185), sake played an important part in the aesthetic mportant part in the assistance self-cultivation of the time called "furyu," or taste. At banquets held for cherry-blossom viewing, sake would be served made from water scented with chrysanthemum partie. So nonular was sake by petals. So popular was sake by the 14th century that there were 340 brewers working in Kyoto alone. Sake was per-fected by the 16th century but, in our own time, the process has been corrupted by brewers

adding sugar and alcohol. Saké should be made of nothing but rice and water. That sounds simple enough, but there simplicity ends. The water should contain certain trace elements, with the best deemed to come from near the port of Nada. The rice is of the sticky Japonica sort, but pol-ished sometimes to as much as 60 per cent of the grain as opposed to 10 per cent for eating rice.

Brewing saké is quite different from any method known in

the West. Strictly speaking, it is called "multiple parallel fer-mentation" — which, if I understand it correctly, means that the starch in the rice is broken down into sugars and the yeast converts the sugars

A LATE-NIGHT into alcohol and carbonic gas not in two processes – as with whisky – but simultaneously. The result is a rice wine con-

The result is a rice wine containing some 20 per cent alcohol. This is reduced generally to 16 per cent by adding water. The process becomes far more complex when you start to examine the kuji mould which is used as a starter and which gives sake its distinctive taste, or the moto yeast which is ground for 18 days to the accompaniment of 16 brewers singing the "moto-grinding song" for hours in unison.

Anxious to find out as much as I could about sake in the UK, I contacted Mr Kawamoto, of the J. A. Centre in London, who agreed to put me through a tasting of sakes and some fine plum wines. We tried three types imported by his firm, starting with a low-strength Senpuku (thousand happnesses).

happinesses).
The strength of 12.5 degrees

makes it popular in Britain because of the wine duty cailbecause of the wine duty cal-ing of 15 per cent. The sake is clean and smells a little of fresh bread but it lacks a "tail," as the Japanese would say. The quality sakes were the Ozeki and Kiku-Masamune; I preferred the latter, which smelled of fresh haranas to smelled of fresh bananas, to the radish-scented Ozeki.

With more than 2,700 brewers in Japan, I could not have hoped to learn much from one afternoon's tasting. In Japan, sake tasting is a ritual every bit as serious as wine-tasting in the West. Special cups with "snakes' eyes" at the hottom help you to admire clarity and a slight yellow tint from ageing in Japanese cedar casks. The in Japanese cedar casks. The best will be those marked jum-moi-shu, meaning pure rice (no sugar or alcohol added), or ginjozukuri, which is made from a special strain of moto and has an aroma of Delicious apples. The sakés vary enor-mously in sweetness, from syr-

one of the most charming aspects of sake-tasting must be the Japanese terms. The wine-tasting vocabulary was introduced to Japan after the Meiji Restoration which, in 1868, opened the country to Western influences. None the less, the Japanese have been able to add-some phrases of their own. A sake with body is said to

wrestler. The words shiripin and pin refer to the "poise of the tail," or what Westerness might call the length on the palate, while another expres-sion to denote sake of insufficient complexity translates as "lonely and sad . . . the men-tal state of a woman waiting

Saké can be drunk hot (but not more than 100° F) or cold. It is best tasted at room temperature. Both the rice-wine and the drinking kits can be obtained from the J. A. Centre, 350-356 Regent's Park Road, London N3 (tel. 346-1042). A standard 1.8-litre bottle sufficient for three drinkers will cost between £15 and £20.





Truly there can be few occupations to compare with that of the Hine cognac blender. Where does one apply, one might enquire? Alas, it is an occupation only Bernard and Jacques Hine can have, for only they possess the Hine "nose" A "nose" handed down through six generations and so perfectly attuned to the art of blending fine cognac.

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one's days beneath the

warm Jarnac sun, to watch

the dragonflies hovering

among the riverside flora,

to swap anecdotes with the

friendly local inhabitants and

What bliss to spend

above all, to sample the golden nectar that is Hine cognac.

But herein lies one regrettable drawback. For no matter how adept at their task, no matter how diligently they apply themselves, two men can only blend so much cognac. And for this reason Hine will always be rare.

Unless, of course, Bernard and Jacques should chance upon a suitably qualified third blender to assist them.

And such an event seems unlikely, for where does one find a man with 214



DIVERSIONS

SOTHEBY'S might trounce Christie's in two dim but its wine department has always been the lesser. So, it decided that one way to gee-up its wine profile was to give the most glorious dinner party – although this was nothing whatever to do with his 50th birthday tomorrow, chairman Lord Gowrle assured his 85 guests in the romantically transformed Main Gallery on Monday night. In fact, it had taken two

years to find a date for the event. This was because it was actually an instoric first public gathering of the proprietors and directors of all five Bordeaux first growths: the Duchesse de Mouchy of Chateau Haut-Brion, Baron Bric de Rothschild of Château Lafite-Rothschild, Baro Philippine de Rothschild of Cháteau Mouton-Rothschild, the Hon. Alan Hare of Château Latour, and Mesdames Corinne and Laura Mentzelopoulos of

Chateau Margaux Château Margaux.
The reason for the time lag was because their diarles are so full. But it took nearly as long to decide which vintage of each wine would be served (although no-one complained about the eventual race-card of such pure thoroughbreds as the charming Haut-Brion 1961, haunting Margaux 1953, youthful Latour 1952, perfectly-balanced Mouton 1949 and legendary Lafite



At Sotheby's grande bouffe: (from left) Alan Hare, Baronne Philippine de Rothschild, Corinne Mentzelopoulos, the Duc Mouchy, Laura Mentzelopoulos, and Baron Eric de Rothschild

suitably non-competing menu. This must have been one of Le Gavroche's more testing emanding as it did the installation of six Roux-preof electric cookers (gas would

have posed too much of a problem for the auctioneers'

impeccable service of five courses and six wines (well, we had to have a Yquem,

didn't we?) Such has been the rivalry assemblage of connoissears such as model Jerry Hall, newspaper editor Max Hastings and your between the first growths that co-operation on this scale would have been unthinkable 10 years ago. For several years, however, "Les Cinq" have been meeting regularly (over what one imagines must came to enjoy an extraordinarily grande bouffe

be reasonably well-provisioned dining tables) to discuss (Oh, to be a fly on THAT wall). And so an improbable

overlooked by the equally improbable likes of Burne-Jones and Picasso Sotheby's has issued a press release ending with what must qualify as one of the inderstatements of the year. "It is hoped that this will be the first of many such

Wine's underdogs grow in stature

Jancis Robinson samples some lesser-known grape varieties and likes what she finds

EFORE PLUNGING into the pre-Christmas season of licensed excess, spare a thought for some of the wine world's underdogs. Who knows you might actually prefer

Bulgaria is now the UK's fifth most important wine sup-plier, and its Cabernet Sauvignon needs no introduction. Less well-known are Bulgaria's own grape varieties, of which Melnik and Mavrud are, to me, by far the most exciting. The Damianitza Melnik

1983, now stocked at just under £3 by the likes of Victo-ria Wine, Peter Dominic, Bot-toms Up, Majestic, Threshers, Ad Hoc Wine Warehouse of Clapham Road, London SW4, and Wines of Westhorpe (which sells cheaply by mail order on 0283-820-285), is a sweet, oaky red that probably

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will develop further over the next year or so. But the real star in the present collection from Bulgaria's state cellars is the fast-disappearing Assenov-grad Mavrud 1981.

This costs little more than £3 a bottle from the better branches of Victoria Wine, Peter Dominic, Bottoms Up, Waitrose and Ad Hoc, and is a wine with real substance. The Bulgarians reckon Assenov-grad, in the south, is bestsuited to this robust, rich red that rewards oak and bottle ageing with a bouquet border-ing on the subtle. Take advan-tage of a wine that is at its modest but under-priced peak.

Marsanne is not a white wine variety that gets around the way that trollop, Chardon-nay, does. With Roussanne, it is the more widely planted of the two varieties responsible for white Rhônes such as Hermitage and Crozes-Hermita mitage and Crozes-Hermitage. The wines seem to me to be slightly reminscent of gum — the sort of gum you stick paper with — which I don't mind at all. They are relatively full-bodied and can have an

almost marzipan flavour, but they need every notch of acid-ity to keep them appetising. Some slightly heavyweight examples have come Australia, but now the Midi is

the source of some inexpensive Marsanne with real interest. Domaine du Bosc 1988 is a vin de pays de l'Hérault with lively acid and great texture and flavour, and seems fair value at £3.70 a bottle (mail order) from Adnams of Southwold on 0502-724-922

Better value, perhaps, is the Domaine de Montmarin 1988, another vin de pays from the delightfully named Côtes de Thongue, also in the Hérault departement, which is sold by Winecellars of 153 Wandsworth High Street, London SW18, at

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Chairman

PORT"

commanded Miss Corbishly

ၢ

HIDE THE

The Chairman gets some funny ideas at this time of year. His latest is "A Rug for Christmas" which he says, "will take us

ms taken is "A sing for Corrections" which he says, "will take its into 1992 and Europe etc, not that he'll be around to see it?" "Oh dear, how sad" commented Miss Corbishly.

three floors of beautiful rugs, tapestries, cushions and needleworks from as little as £30. Exemplary gifts and a much

better investment than a food mixer for her and matching tie

and socks for him. It's quite an Aladdin's cave here so pay us a visit, you might even get to hear the Chairman practicing his Norwegian for Beginners. I'Et Teppe for Jul' is Norwegian for 'A Rug for Christmas', by the way).

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pronounced the

"ET TEPPE FOR JUL"

£2.79 a bottle, and £2.58 from Andrew Gordon Wines of Dork-ing, Surrey (both these wine warehouses sell a minimum of 12 assorted bottles at a time). It has that gummy quality but also a smoky softness that

reminded me of, say, an Alsace Pinot. A good wine to drink now as a house aperitif. Winecellars, which is an Ital-ian specialist, can also field the excellent Vermentino di Sar-degna 1988 from Dolianova at £2.55 a bottle (Waitrose has it in magnums at £4.45). The signs are that this white grape variety, grown widely in Corsica as well as Sardinia, has a fascinating past; indeed, it could even be the much-travelled Malvasia (Malmsey) of Madeira. Certainly, this Ver-mentino has much more character than is found normally in such a cheap dry white very slight fizz, marked crispness, and the scent of pears.

Non-Bulgarian, Eastern bloc wines

PERHAPS I am wasting my time and space recommending Romanian Pinot Noir to readers of the Financial Times, but this wine is great value. Bot-toms Up has it labelled as Clasdated 1984, at £2.59, but I'm sure it is the same wine that Sainsbury's has for £2.25, labelled more stylishly as its own version. In its usual helpful way, the Sainsbury back label recommends that we drink it at room temperature

within the next year.

As a result of some house-hold devilry, I tasted it blind at cellar temperature recently and found it recognisable clearly as the great red grape of Burgundy (quite a triumph for a wine at this price level) and a much more attractive wine than a cheap red burgundy at more than twice the price. Serve it anywhere between cellar and room tem-perature and expect simple, ripe flavours slightly (but not unpleasantly) reminiscent of

strawberry iam. More serious, and more suitable for claret-lovers, is Majes-tic's Yugoslavian Vranae 1986 (which, as a bizarre grape variety, qualifies twice over as an underdog) This concentrated, chewy, well-structured wine with, presumably, Yugoslavian oak (is this the only reason it reminds me of some Italian reds?) is bottled by the Agrikombinat of Titograd and costs only £2.89. Irresistible, surely?

1987 claret

THIS IS not a "great"

(long-lived) vintage and few merchants have been touting its particularly useful charms. On the other hand, those who understand that life is too long to drink only great wine are buying this easy, open vintage — not to squirrel away but to

hned correspo

Proprietors who depend on Merlot, or were nifty about minimising the effect of rain on their Cabernet, or who had the determination to exclude the less successful vats from the grand vin (the château's main bottling) and the sense not to add too much press wine to this essentially soft vintage, can provide us with well-made wine bearing all the hallmarks of classic claret - except that it costs much less than any other recent vintage and we can drink it over the next five years while we wait for our 1982s and 1986s.

Unlike most traditional merchants, City wine firm Corney & Barrow (tel. 01-251-4051), Hungerford Wines (0488-83233), Windrush Wines, of 3 Market Place and Cecily Hill Barracks, Cirencester (0285-650-466), and The Wine Society of Stevenage (0438-741-177) saw that this vintage gives us the chance to drink even the greatest names at little more than £20 a bottle, and benefit from the fact that Bordeaux's pride in its wine-making ability has never been greater. They still have wine available (the 1987 Pomerols are especially good) and sell mainly by the case.

mainly by the case.

Oddbins, the chain apparently run by potential consumers rather than professional buyers, is selling 1967s by the single bottle, as it did so successfully with the 1986s. Its plump juicy Pomerol, Château Nanhamann and property to we Nenin, seems a bargain to me at £6.99 and Château Cos d'Estournel at £12.49 is a classic St Estèphe, verging on the great, which can be enjoyed now but will evolve throughout the Nineties. (It is only £11.50 at Laytons of Midland Road, London NWl, but the minimum order is 12 assorted bottles.

MAJESTIC Wine Warehouses has also taken a position on 1987s, although rather an odd one. It is offering several very cheap second wines, offcuts from the principal bottlings of the châteaux. In uniformly good vintages, such as 1982 - and, to a certain extent, 1985 these can be very good but in patchy vintages, such as 1987, they are a considerably less

Nevertheless, if 1987 clarets

are, in general, inexpensive, 1987 second wines are really very cheap indeed. Fans of Chateau Haut-Brion's distinctive, mineral-laden style will find something to enthuse about in the second wine of this first-growth Graves', Château Bahans-Haut-Brion which Majestic is offering at \$7.99. More serious, and for the longer term, is Château Margaux's second wine, Pavillon Rouge du Château Margaux, at £10.99.

Moulins de Citran is a light, aromatic claret that would make a fine gift to more casual wine drinkers. It is the second wine of the Haut Medoc cru bourgeois Château Citran, and sells at £4.99. It is labelled beautifully and packaged in carefully stencilled wooden cases — a fine but attractive conceit for something that is quite ready to drink.

Thresbers and the associated Wine Rack shops, the most wine-friendly of the breweryowned off-licence chains, have taken to second wines in a big way and have been busy trying to convince wine writers that they can stand up to the grand vin counterparts from which they have been rejected.

They convinced me that in a vintage as taunic as 1986, "seri vintage as tannic as 1500, serrous" wines – such as the grands vins of Châteaux Lagrange and Lynch-Bages – can be made so vehemently for the long term that their respec tive second wines, Les Fiefs de Lagrange 1986 and Château Haut-Bages-Averous 1986, seem a much more sensible buy for the moment.

The more wine-minded Threshers and Wine Rack stores should stock them at £9.79 and £9.99 respectively. The Haut-Bages Averous would make delightfully supple, fruity drinking throughout this winter while the Fiefs de Lagrange would take you through the next four.

Best price for the Flefs de

Lagrange is at Wizard Wine Warehouses around London.
Thanks to a parcel of stock
Wizard has bought from the
receiver, it can offer just a few
cases of it - shared around branches such as Putney, Croydon and Streatham – at £7.99 a bottle. Some other wines are absurdly cheap because their labels are damp-stained, but Wizard claims the stock has been lying otherwise undisturbed in a Wiltshire ammunition dump (which sounds much too far-fetched to be false) The highly-regarded Mailly Champagne costs as lit-tle as £4.99 a half, while Chateau Fabas Minervois 1988 is only £1.99 a bottle.



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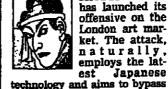
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Framing a market

Now, the Japanese are moving into London's art scene. Nicholas Faith looks at the latest offensive



MITSUI GROUP offensive on the London art market. The attack, naturally, employs the latest Japanese

not so much the London art market as Japan's own dealers. Cheekily, Mitsui's first assault is spearheaded by the most important exhibition of Victorian paintings ever assembled by a London dealer; yet, the exhibition is being shown in Mitsui's own gallery, an elegantly-refurbished town house in Bruton Street renamed simply Gallery. This is staffed by Japanese and its regular exhibits generally are chosen with eyes on the growing market offered by Japanese living in Britain who are enticed by cultural events as

well as direct promotions.

The new show — BurneJones, the Pre-Raphaelites and
their Century — is far from a
parochial affair, however. It is
the work of Peter Nahum, who the work of Peter Nahum, who virtually created the market in major Victorian paintings as head of the picture department at Sotheby's Belgravia during the 1970s. Over the past five years, he has assembled a highly impressive collection of 175 works.

175 works.
The full exhibition at Gallery
AB Burne-Jones ranges from 40 Burne-Jones drawings and works by Millais, drawings and works by Millais, Holman Hunt and Ford Madox Brown to The Temple of Edjou by David Roberts, a classically frigid — but highly important and increasingly valuable — painting which hung in the Louvre after the original English owners had bequeathed it to Louis Philippe, the last Bourbon king of France.

The moving force behind Gallery is an untypical, entre-preneurial Mitsui executive, Yoshe Fukushigi. When equip-ping the new, Greek-style Tokyo Grain Exchange with full computer facilities, he realised that the building would be a mere computer centre within a few years; so he started dreaming of using it as some form of computerised centre for trading in fine art. But neither of the leading British aucther of the leating british autition houses proved amenable

Sotheby's because of its link
with the Selbu department
store group and Christie's
because of its desire to remain

independent.

The existing Tokyo art market suffers from the relatively narrow ranges offered by dealers and the enormous margins they take. "Tokyo is an enclosed art market." Fukushigi says. "The clients don't know what is on offer in Longon or Paris they only know that don or Paris, they only know what the local dealers have in stock. We can show the full range of pictures available in Europe with the local prices"

- which, he reckons, are as little as half those asked in Tokyo. The idea fits in with the new Japanese desire to increase imports (so long as the importer and "middle man" remain Japanese). Fukushigi envisaged linking Gallery directly with galleries



-colours and bronzes on view at the Gallery exhibitio

and dealers' show-rooms in Paris, Rome and Milan, as well as London, through dedicated communication links. These would carry the impressively clear colour images registered on a digital camera developed by Sony - images that would be transmitted direct to Tokyo accompanied by a live com-mentary about the works on

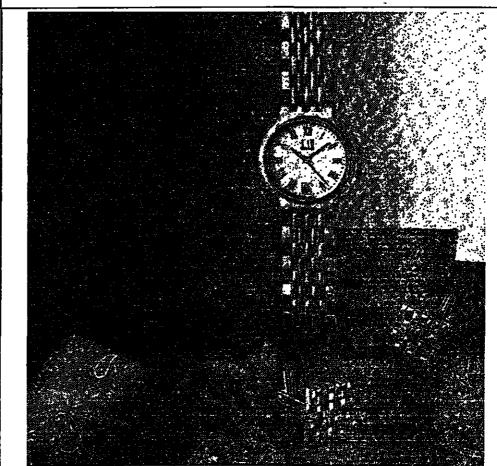
After a short delay (even Sony had problems with the electronics), Gallery is now equipped with the first of these cameras, although the dedicated link and high-definition optical equipment will be available only in the New Year. Fukushigi – a graduate of Tokyo University with a Harvard MBa and, clearly, a high-flyer - is undeterred by the

fact that "not many people in Mitsui agree with my ideas." His track record shows the group to be as flexible, and thus untypical, as he claims. "I worked in the group's corporate planning office in New York. Then I was a commodity dealer, mostly in sugar, and I saw the computer era coming," he says. "I knew about the market, but didn't know about computers. Now I know about computers, although I don't

He starts with the big major advantage that Mitsui is buildany and ing up-market houses in Tokyo and is, naturally, anxious to provide buyers with all mod cons (which, in Japan today, include suitable items of Western art). "Japan is an affluent society, but they don't know what to spend it on," Fukushigi says. "There is a new class of wealthy people who made money from the soaring price of land and stocks and shares, so it's natural for them

to buy art, regardless of their level of knowledge.

"Buying art — one of the sectors where the West is strong — is not an option; it's a destiny. I want them to buy in a clever way, not through dealers who double the prices. And, no, I don't know what category of art will appeal to the new class of buyers. But I do believe that the Japanese are getting increasingly indepen-dent."



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DIVERSIONS

Are you barking up the right tree?

Lucia van der Post and illustrator James Ferguson look at a popular Christmas symbol

OF ALL the Christmas symbols the tree is one of the best-loved. It is the focal point of Christmas gatherings, in offices, livery hall or private home. To those who love the celebratory side of Christmas, who glory in the chance to dress the house in all its finery, who enjoy every part of the festive season, the tree offers a marvellous opportunity to indulge their decorative and creative

fantasies.

If you feel that your inspiration is a little well-worn and that you are in need of visual stimulation, go along to the main entrance of the Victoria & Albert Museum in South Kensington, London, where from November 30 to December 7, from 10 am to 5.30 pm six days a week and from 2.30 pm to 5.30 on Sundays, 11 highly individual, expertly-dressed Christmas trees will be on view.

All the trees have been donated to the Save Th. Children Fund by the individual shops, designers and decorators involved. All the designers have clearly had a lot of fun. Each is decoratively as different as

could be, with themes varying from the richly baroque "The Kingdom of the Pearl" (Garrards) to the relative simplicity of The Conran Shop's Indian tree.

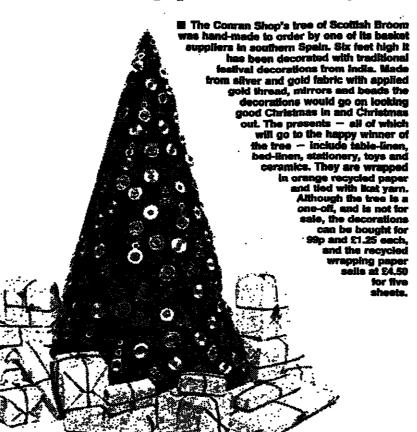
Ten of the trees will be auctioned on December 7 at a grand dinner in the presence

Shop's Indian tree.

Ten of the trees will be auctioned on December 7 at a grand dinner in the presence of the Save The Children Fund's president, the Princess Royal. The 11th tree will be raffled on the evening of the dinner and money raised will be given to the fund. Last year's festival of the trees raised some £50,000 for the

Although I am mainly urging you to go and see the trees for the visual inspiration they offer — many of the ingredients for dressing trees can be bought either from the shops or designers who have donated the tree or from big department stores — anybody who falls in love with a tree and wishes to buy that particular one, complete, can telephone Alison Waylen, of the Save the Children Fund, on 01-703-5400 and make an

Here, for those who cannot manage to get to the V & A, is a preview of some of the trees.



e?

in From Tiffany's comes a tree with a theme of toys. It was designed by Celia Lindsell, Tiffany's display manager, who used a real four feet high tree and dressed it with brightly-coloured toys — everything from trains to teddy beers, cards, soldiers, toy animals and a complete ligaew puzzie. At the top of the tree sits a sterling silver teddy beer rattle. All are tied on with different-coloured ribbons. The tree is supported by boxes and packages covered in the distinctive Tiffany turquotes paper. A children's china ter set, intermingled with the packages, completes the effect.



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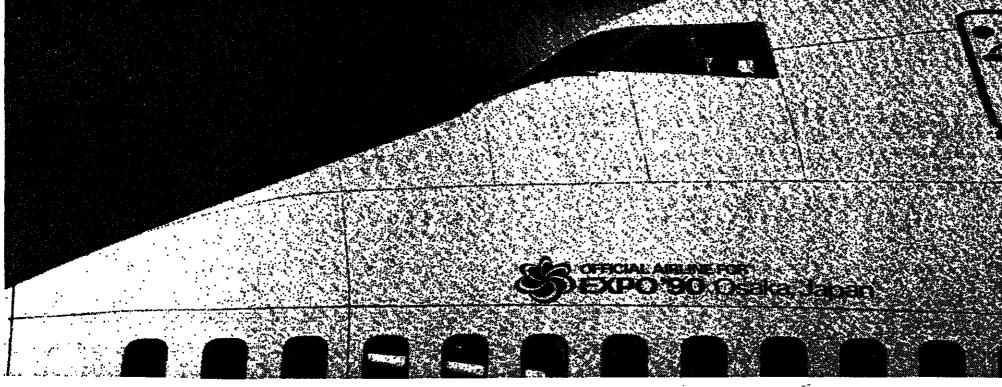
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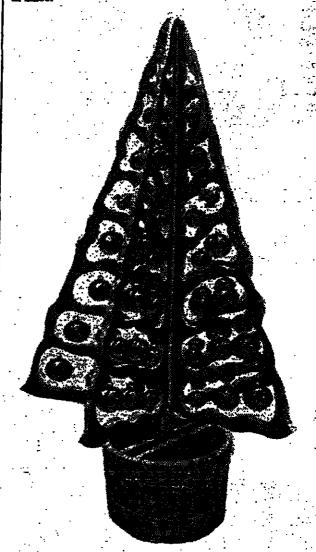




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All schedules are subject to change without notice.

E The Harvey Nichols free, designed by Mary Portss, is: inspired by the lavish, decorative style of the Bareque period, all red and gold and rich deep colours. An artificial Noel pine tree, about six feet high, it is bedecked from head to toe with angels, cherubs, baubles, tassies, gold-sequinned stars, red and gold beads and all topped with a gold-spangled fairy. Anybody unable to bid for the ready-dressed tree, and wanting to create something of the same effect, can buy most of the Herns from the fifth floor at Harvey Nichols. The tree is 285, the tree beads are 21.25 a



If Victor A. Shanley, landscape director of Clifton Nurseries, wanted to produce a really simple, one-off tree. He decided against a natural tree because of the problems with needles and so he opted for a five-focter made of % inch green stained plywood, with the edges stained Chinese red. The five wings of the tree are pierced with Irregular cutouts to give a delicate branch-like effect. In the pierced cutout branches there are simple red baubles — some 65 in all — and four red decorative birds. The whole tree sits in a simple green stained oak wood tub which will be filled with errapped gardening gifts of every sort. Clifton Nurseries sails natural tube (you could leave them simple, stain them green yourself or cover them with crinity paper, recycled paper or aluminium foll) for £41.40 are £2.20 each,

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A hymn to Tokyo (ancient and modern)

is becoming like everywhere else,

should head for Japan. Tokyo is like nowhere else in the world. The recognisable Western signs, the comfortable hotels, the easy comfort and the air of bustling modernity lull you into a false sense of familiarity but, the longer you stay and the deeper you look, the more its strangeness begins to emerge. begins to emerge.

For the short-stay visitor, the immediate problem is language. In central Tokyo, most big stores, subways (which are models of cleanliness and punctuality. London Transport please visit) and stratters have please visit) and stations have signs in English but getting around remains confusing. There is no system of streets and addresses as we know them. Ask the hotel reception deak to write out all addresses in Japanese so that you can give them to the taxi-driver and keep a copy in English; otherwise, you will find you don't know which inscrutable bit of paper is which.

Although I had been warned that Tokyo was busy, crowded and confusing, nobody had told me of the infinite kindness I would receive or of the old-world, almost Edwardian, standards of politeness and good manners. Prices may be high, but I don't think you would ever be cheated and cer-tainly not mugged. Everyone I went to see sent cars, relieved me of my parcels, made sure I arrived safely at the next destination and asked what further help they could give me.

The corollary of this is that you, too, will have to produce you, too, will have to produce your very best manners. A slight bow when you are introduced will not go amiss. Take masses of business cards and present them with that slight bow. Do not just stow away the card you are given without a very earnest perusal first.

It is customary to take a present for your host or hostess when you are invited to dinner. Less important than the contents (although anything very English, periscu-larly anything with "Harrods" on it, will go down a bundle) is the wrapping, which should be as exquisite as you can muster.

terrible. If you are wise, you won't make appointments for too early in the morning — seasoned travellers tell me that 10 am is quite early enough. Mid-afternoon is a critical time. You will be tired and want to

your afternoon programme.

Tokyo is very, very expensive, so if you are intending to shop you should plan carefully.

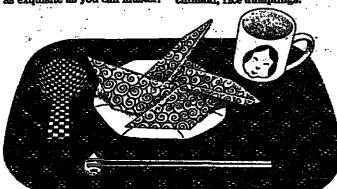
There is almost nothing cheaper than the UK – except the clothes of Japanese design ers such as Comme des Gar-cons, Yohii Yamamoto and Issy Miyake - but there is quite a



IN JAPAN packaging is not just a commercial aid to selling or a practical way of delivering goods — it is an art-form, an integral part of the culture. Whichever department store you visit make sure not to miss the food department, where you will be astounded at the beauty, referencest and qubitary of refinement and subtlety of the wrappings. Even the most modernist of graphic and packaging designers somehow packaging designers somehow brings to the task a finely-honed sense of Japanese traditions so that even simple consumer items, such as soap and sweets, biscuits and dried fruits, come wrapped so

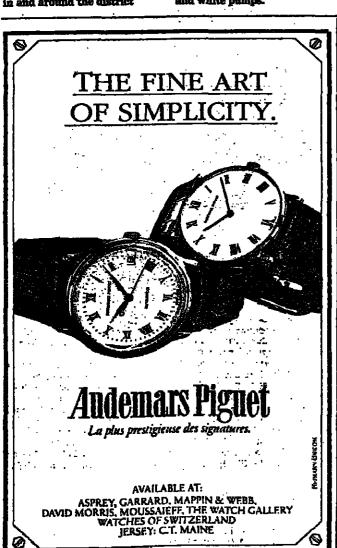
fruits, come wrapped so skilfully as to ravish the eye. Traditional packaging includes the

beautifully-knotted square cloth, the furoshiki, sketched above, the kyogi, a thin wooden box and the famous mboo sheaths and leaves



A TINY shop called Blue & White, at 2-9-2 Azabu Buja Minato-Ku sells a marvello range of traditional, crisp, blue and white cotton fabric used for the summer kimono, the Yuketa. Yukata dying began in old Edo (the ancient name for Tokyo) and today there are still some 30 dyers in and around the district

producing more than 10,000 patterns a year. The fabric is an artless-looking blend of simplicity and sophistication. It can be made up into Yukata for grown-ups and children, table mats and napkins (as in the sketch above) wallets and credit-card holders, traditional geta sandals, blue and white pumps.



TOKYO IS indubitably foreign.
Anyone who thinks the world is shrinking, and that everywhere else.

You might have to take off your shoes with some frequency – especially in restaurants or old Japanese inns – so make sure you have stocks of impeccable socks.

Be warned that the jet lag is experively a few area wise your

go to sleep but, if you do, you will never wake up - so try to build a swim or a massage into

For a newer, younger atmosphere, head for Shibuya. sphere, head for Shibuya. Apart from anything else, there are the Seibu stores – all grouped and leading in a higgiedy-piggledy way from one to another. Particularly interesting is Seibu Loft, which is a good example of the Japanese pre-occupation with design to suit their life-style, and its success is amazing.

surt their intercyle, and its suc-cess is amazing.

It seems to be crowded from morning until night with very young people who love its informal, warehouse atmo-sphere and the innovative merchandise - travelling gadgets, household items, stationery and gifts. Look out, too, for

and gifts. Look out, too, for vastly ingenious small items such as mini-washing machines for tiny, box-like rooms and other scaled-down versions of every-day products. To see the really young and trendy, pay a visit to La Foret at 1-11-5. Jingumae, Shibuya, where there is plenty of fashion priced relatively moderately. For a view of an alternative life-style, do not miss the tive life-style, do not miss the Sunday mass displays of Tokyo pimks at Yoyogi park in Hara-juku. While you are there, wander down Harajuku's Takeshita dori which, on a Sunday, is crowded with outrageous youngsters pouring into the tiny boutiques for the latest whacky outfit. But the smart, conservative and demurely-dressed young head for the Hanae Mori building at 3-6-1 Kita-Ayoama, Minato-ku, where Mummy or Daddy fund

Those who love Japanese designers should head for their experience just to see them in their own environment but everything seemed about a third cheaper than in Britain.
They are all gathered very conveniently in Shibuya Parco.
One of my best finds was a

Boom

product

typical, more polgnantly poised with one foot in its ancient oriental past, and the other in the high-tech world of the future, than Shiseido, Japan's top beauty company. Its links with the past, after all, go back to the time when Japan was still almost inaccessible to westerners.

Now it has some of the most

modern, and up-to-date research laboratories in the

world. Its graphics, packaging and advertising (all overseen by the French image creator,

Serge Lutens) are outstand-ingly successful in conveying this duality to its customers all over the world. Feel the

soft contours of the powder compact case and you could be

careasing a Japanese pebble. Held the lacquer-like lip-

stick case and you can sense the echoes of Japanese bam-boo. Look at the startlingly

dramatic black and red image on the Shiseldo literature and

you will not forget the com-pany's ethnic origins.

Although some Shisetdo skincare goods can be bought in this country, when in Japan I would be inclined to experi-

ment with the more mysteri-ous products that don't find their way west, such as exotic bathing and massage products,

revitalising and energising products for the bath and

proper Kabuki make-up.
It's only in Tokyo that you will be able to buy some of their very oldest, most tradi-

tional products, such as the

Eudermine skin lotion first

developed in 1897. There are also some amazing lines in the

Gear collection for men - in

TO A Westerner, the Japanese way of beauty is mysterious, full

of paradox and,

ve all, utterly

form. Japan must be the world's most consumer-orientated society, and the sight of office girls spending phenomenal amounts of money in the stores is awesome. But you don't need to spend money to spend money to spend the short of the short of the store is a second money to spend money enjoy the shops. Just looking is fascinating.

fascinating.

The Ginza is a shopping district full of expensive hits and pieces. It also has old, traditional stores and you should visit at least one of them. Arrive in the morning for the opening ceremony, with exquisitely-dressed girls bowing. Enjoy the way you are greeted; go to the kimono and craft departments to get a flavour of old Japan; and do not on any account miss a tour of the food departments. See, too, how artfully every parcel is wrapped. Among my favourite stores for this sort of atmosphere are Takashimaya (one of the oldest of all), Matsuya and Mitsukoshi.

very small shop called Mujiru-shi Ryohin at 5-50-6 Jingumae, Shibuya, where they specialise in unbranded — and, therefore, relatively inexpensive - plain but very chic basics. I bought some chocolate-brown cropped pants for Y4,600 (about £20) and there were plain white cot-ton shirts for Y4,600. On the whole quality is excellent, particularly textiles, but it isn't cheap. However, many simple things like tollet bags and

fully.

Creative people are valued very highly, and this is evident in the profusion of visual delights. On the other hand, Tokyo people must be among the world's most conservative shoppers, going for the big brand names like such as Burberry, Dior, Vuitton and the

leather goods are done wonder-

like.

Bathing is crucial in Japanese culture and all the products connected with that are superb. Look especially in Tokyo Hands at 12-18 Udagawa-cho, Shibuya-ku – it is a good corrector for hendicarity of all store for handicrafts of all

Writing equipment and materials are nearly always beautiful and, if you are searching for some presents that aren't too expensive, they are a good bet. Children's clothes are advable — almost you can think of does a range for children - but, again, not eap. (1101, a store in Shibuya, even has charge cards for kids).

Large men should take extra care not to lose their luggage

particular a men's lotion that

makes a slight exploding noise

For a real treat - an expen-

sive one, any woman lucky

enough to have time and money on her hands in Tokyo should head for a beauty session at the Shiseido Beauty Salon at Shiseido, The Ginza Bidg. 7-8 F, 8-10 7 Chôme, Ginza, Chucku.

You should book in advance

(tel: 03-571-4511). A massage there is the perfect way to deal with jet-lag. But don't go expecting the usual rather

soft-centred British massage.

Here they offer massage

with Shiatsu, an ancient Japa-nese technique which involves deep massage of acupuncture points and is said to release

toxins and tensions in the

I found it mildly painful at

clothes for them are very hard to find although, in the big department stores, it is get-ting better. Despite its embarrassing name, Big Shoes at Akasaka Oguri Bidg, 23-1, Aka-saka 2-Chome, Minato-ku, is an address worth knowing. Electronics. Akiharaba is the

district for cut-price electronics. The Japanese tend to launch new products on the home market first, so you would be able to buy goods there that are unavailable any-where else. Once the home market is sated, manufacturers

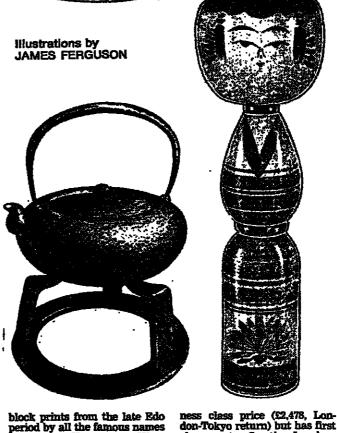
market is saied, manufacturers sell abroad; from that point on, it is much cheaper to buy in Hong Kong or Singapore.

Hair-cuts. If you want a hair-cut, the name recommended most to me was Fumio Kawashima at Peek A Boo — Beruea Garden Bldg. B1, 42-11 Jingumae, Shibuya-ku, almost next door to the Hanae Mori Building. Apparently, he has Building. Apparently, he has several clients who fly in regu-

several chemis who hy in regu-larly from Hong Kong.

Antiques. Although the best place for those in search of authentic Japanese antiques is Kyoto, there are some lovely shops in Tokyo. The best department charge in particudepartment stores, in particu-lar Takashimaya, have small sections given over to genuine antiques. Otherwise, the main antique area is Kotto-dori in Aoyama. Morita Antiques at art and textiles (also old kimo-nos), ceramics and toys.

in the Jintsu Building and one, in particular, sells quite exqui-site blue and white pottery of all sorts. Old original wood-



class seats. On the London-Tokyo flight, you get the famed

chauffeur-driven service from

your home to the airport only

at the British end. In Japan, where the drive into Tokyo could take up to two hours and

prices range from between \$40 and \$80, you get vouchers for the coach ride.

Hotels: The Imperial, at 1-1-1 Uchlsaiwaicho, Chiyoda-ku, is

comfortable, convenient, wes-ternised and, above all, in just the right place for those who like to stroll about the Ginza, Tokyo's smartest shopping dis-

The Okura is many people's

health freaks love its gym and its indoor and outdoor pools -

but it is in a primarily residen-

tial part of town, 2-10-4 Torano-

New and lushest of all is the Hotel Seiyo Ginza at 1 Ginza,

Chuo-ku. It reeks of comfort

and luxury, and has a highly-personalised attitude to ser-

mon, Minato-ku.

block prints from the late Edo period by all the famous names (Utamaro, Harunobu, Hiroshige 1, Hokusai) can be found at the Matsushita Gallery, 3-12 Minami Aoyama 6-Chome. Just down the road is some wonder-

ful Takatori pottery.

A shop much-beloved of tourists, but well worth a visit nonetheless, is the Oriental Bazaar near the Banae Mort building. Here, there are quite a few genuine antiques and some lovely pottery as well as modern versions of traditional products like *yukuia* (the summer kimono), baskets, pottery, sandals, kites and the like.

sought-after but, to my mind, fit well into Western life. The deep-blue cotton versions make wonderful housecoats or dressing gowns, and I found a shop with a vast selection at very reasonable prices. At the back of the Hanse Mori building at Gallery Kawano, Okamoto Building, 3-9-5 Kitaoyama, Min-ato-ku, there is lots of choice at prices ranging from Y1,500-

Nightlife. On the whole, Tokyo citizens eat early. In most districts, ordinary restaurants start shuffling the chairs and looking anxious between 9.30 and 10 pm so, if you feel the night is yet young and you have energy to spare, move on to Roppongi, Tokyo's most cos-mopolitan quarter where there are hundreds of small bars and

Karaoke bars are a huge i mysterious (to Western minds) success. You really need a local's advice on which to visit local's advice on which to visit but they are now an estab-lished phenomenon where young girls, businessmen and anybody else in search of a jolly evening goes to drink and sing local pop and folk songs to the sound of a record while a video illuminates the words.

It is indeed an astonishing sight to watch the sarariman with his sober blue suit, white tie and briefcase grab the microphone and become meta-morphosed into a deeply amo-rous love-lorn swain. If you do not have a willing Japanese accomplice, you can wander around listening for the sounds of the out-of-tune voices.

How to get there: I went Virgin Atlantic and its Upper Class service, which is a busi-

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HUNTSMANS

times but felt quite wonderful afterwards, although the lack

of linguistic skills on my part

left me and my masseuse help-less with laughter much of the time at our mutual misunder-

Have a manicure if you pos-

sibly can - an exceptional experience involving much

massaging, oiling, caressing and tweeking of every joint in the hands and lower arms as well as careful attention to the

Style and quality available in Hand Tailored Ready-to-Wear Mens clothing

11 SAVILE ROW

Packed with tradition



fascination of Japan lies in its combination of the up-to-date and the very,

times it seems the most fashion and trend-conscious city in the world and then one dips behind the surface and sees that the old, traditional ways are still a living force that even in the children of the computer-generation lingers an ancient spirit.

Those who have an affection for everyday articles made with care and artistry will find that Japan is a treasure-trove — no other culture that I know of places such deep importance on the visual artistry of every aspect of their lives.

All over Tokyo there are places where you can see and buy authentic Japanese crafts. Almost every big store has a department given over to them and for souvenirs I can hardly think of anything more attractive than traditional Mingel. Mingel, literally translated, is "people's art." — the practical things made for use in everyday life. They are the bowls used for eating, the cottons used for Yukata, the silks for kimono, screens for dividing rooms, kettles, lightshades and paper.

Visit the Nihon Mingelkan Museum at 4-3-33 Komaba, Meguro-ku (the home of Meguro-ku (the home of Yanagi Soetsu, who coined the word "Mingei" and whose eloquent writings on the subject helped them gain the love and respect they deserve). The best place to see and buy a large selection is at the Japan Traditional Craft Centra, 2nd Floor, Place 246 Centre, 2nd Floor, Plaza 246, 3-1-1 Minami- Aoyama, Minato-ku.

Here you can see the ceramics the Japanese love so much, the traditional indigo cloth, agate beeds and jewellery, lacquerware and basketwork, fine brushes for calligraphy, old iron kettles, old wooden chests and the dolls that grown-up Japane like. Any of these can be bought and shipped to Europe but, aithough these products were once thought of as just simple utilitarian products, these days they are beginning to be rediscovered by the Japanese and none of them is cheap — they are, however, very lovely.

Everything is beautifully labelled with the prefecture of origin and some historical details about the beginnings of the craft.

Sketched left are rather lethal-looking cooking knives, a ceramic eating bowl, a cast-iron kettle and a fine

FREE KNIFE SHARPENING AT HARRODS. (FORGIVE US FOR BEING SO BLUNT.)



From today until Saturday December 2nd, a professional knife grinder from the world famous West German cutlery manufacturers J. A. Henckels, will be in our Cooks Shop on the Second Floor. From 10am to 5pm he will sharpen any non-serrated knife, of any make, free of charge. Also during this week, with every purchase of £75 or over of Henckels' knives, you will receive a 4" vegetable knife worth £11-95. At Harrods you'll also be pleased to learn that we've extended our opening hours for Christmas. From November 29th to December 20th, the store will be open until 8pm on Wednesdays and 7pm on Saturdays. Harrods, Knightsbridge, SW1. Tel: 01-730 1234.



T MIGHT be a question from Trivial Pursuit. "What do Diego Maradona of Argentina and Roberto Rojas of Chile have in common? The answer is that both have admitted to being cheats in soccer's World Cup. The victorious captain displayed no remorse when he defined the first goal of Argentina's match with England durof Argentina's matter with England the ing the World Cup finals of 1986. "A little bit of the Hand of God," Maradona said with a cheeky smile, "a little of the head of Maradona." For outrageous implausibility, though, the Hand of God scarcely compares with an incident from the final match of the South American Group Three 1990 qualifier between Brazil and Chile.

There is never any love lost between these two sides. In their first meeting in Santiago on August 13, two players were ordered from the field in the first 12 minutes; before the game had fin-ished, seven more had been booked. Trouble was, therefore, expected in the second leg on September 3 and it came as little surprise when the match at the Maracana Stadium had to be halted in the 69th minute.

What was unexpected was the nature of the trouble. Chile were already a goal down when, as TV pictures later revealed, a flare was thrown from the crowd. It appeared to strike the Chilean goalkeeper, Roberto Rojas, who at once collapsed, clasping his head. Chile's players gathered round him. When he proved unable to continue, they marched off the pitch in protest, carrying between them the prostrate form of the 'keeper – now apparently bleeding copiously from the head. On this score, FIFA'S rules are inflexible. By leaving without the referee's permission, the Chileans had effectively forfeited the

A week later, the game was awarded 2-0 to Brazil, who thereby qualified for next year's World Cup finals in Italy. There was widespread sympathy for Chile, whose team seemed to have been put out by an appalling act of hooligan-ism. The subsequent inquiry into the incident discovered that although the flare had been thrown by a Brazilian called Rosemary De Mello, Rojas was not quite the victim he had appeared to be. When the film was shown in slow motion, it was seen that the flare had not struck him at all. The "blood" on his head, it turned out, was red dye concealed inside a bracelet on his right wrist. For this performance, Rojas has been banned from international compe-tition for life, the Chilean officials have been replaced, and FIFA has ordered an

Two other South American groups also saw close finishes, even if they were less given to displays of thespianism. In the deciding match of Group One, Uruguay, relying on their Rome-based striker. Ruben Sosa, defeated Bolivia 2-0. But Group Two also saw drama, none more so than when Colombia played a bad-tempered match in Paraguay and were defeated 2-1.

Paraguay took the lead in the 58th minute, a goal equalised in the 89th by Arnoldo Iguaran. But after five minutes of injury time, the referee awarded Paraguay a penalty - from which their goalkeeper scored! Not unexpectedly,

Hand of God and bracelet of blood

World Cup Soccer: Philip Evans discusses the final qualifiers



Maradona's handbaff against England in the 1986 World Cup described afterwards as "a little bit of the Hand of God"

the Colombians became most distressed and the police had to rescue the Chilean referee, who is unlikely ever to visit referee, who is Colombia again.

Justice appeared to be done, however, when the group was decided by its final match. Needing only to draw away with Ecuador, who had already been eliminated, Paraguay travelled to Guayaquil and were beaten 3-1. In a play-off against Israel — which, by a quirk of political geography, had been placed in the Oceania group — Colombia gained their place in next year's finals by virtue of exercise the small small theory. tue of scoring the only goal (through

substitute Albeiro Uzurriaga) of their two meetings at home in Barranquilla. The fourth South American team competing in Italy will be Argentina, the champions. As the world knows, almost anything is possible when you can call on someone like Maradona who, as England manager Bobby Robwho, as Engand manager body non-son once remarked, "can win a game on his own in five minutes." (Five minutes after the goal scored by the Hand of God, Maradona weaved his way majesti-cally through England's defence to put Argentina 20 up). Several members of the 1986 team are still contenders for a

place in the 1990 side, including Mara-dona, who has been playing for Napoli in the Italian league for six years. In the absence of Mexico — banned

In the absence of Mexico — banned by FIFA from playing international football for two years because of fielding over-age players in an under-20 tournament — Costa Rica took a commanding position at the top of the Central and North American qualifying group. They will be joined in Italy by the well-organised but much-relieved US squad. Last weekend, the Americans became the last team to qualify when became the last team to qualify when they travelled to Port of Spain and won 10 against Trinidad and Tobago, who had needed only a draw to go through. This was welcome, because the US is due to host the 1994 finals.

In previous World Cups, major surprises have been sprung by teams from Asia and Africa. In 1966, North Korea travelled to Middlesbrough where they put out Italy. (The name of Pak Doo Ik, whose week were described and of the control whose goal proved crucial, can still provoke Italian supporters into making the sign of the evil eye). This year, the six leading contenders from Asia adopted the unusual course of playing each other in neutral Singapore on a round-robin basis. The 15 matches took place between October 12 and 28, with the two victorious teams being an unstopable South Korea, who gained eight points from five games, and the United Arab Emirates, the smallest and newest footballing state to qualify. Africa's representatives will be Cameroon and

Egypt.

In Europe, the qualifying stages grew increasingly dramatic as the autumn progressed. Yugoslavia became the first progressed. Yugoslavia became the first country to go through by beating Scotland 3-1 in Zagreb on September 6. On October 11, Spain booked their place by drawing 2-2 with Hungary in Budapest, and England also made it with a 0-0 result in Katowice against a confident Poland, thanks mainly to the evergreen

Two weeks later, however, Sweden proved their quality by defeating the Poles 2-0 in Chorzow, the second a gem of a goal by Johnny Ekstroem who slalomed his way past Polish defenders before hitting home a fine drive. On the same day, Belgium went through by drawing 1-1 at home against Luxem-bourg, while their 3-0 victory over Switzerland helped Czechoslovakia enter the finals.

With several qualifying places being decided in mid-November, FIFA made collusion impossible by demanding that kick-off times in all eight of the crucial games be simultaneous. Having put supporters on the rack for two months with losses against Yugoslavia and France, Scotland gained the all-impor-tant point they needed with a 1-1 draw at home to Norway. They thus joined magical Holland, the always formidable West Germany, the remarkable Repub-lic of Ireland, Russia, Austria and

While many of these 24 will spend the coming fortnight anguishing about which teams they hope not to be drawn against on December 9, the officials of FIFA will hope fervently that the games will include no acts of fraud to compare with the Hand of God or the bracelet of

Another tennis era reaches match point

NOTHER TENNIS era will end next week when the \$750,000 Nabisco Masters, an eight-man extrava-ganza at Madison Square Gar-den, New York, brings down the curtain on 20 years of Grand Prix competition. Since 1970, there have been six spon-sors of the season-long, points-linked men's circuit. Pepsi-Cola (1970-71), Commercial Union (1972-76), Colgate Palmolive (1977-79), Volvo (1980-84) and Nabisco (1985-89).

On January I next year, the ATP Tour replaces the Grand Prix as the official men's circuit. It remains to be seen whether the players, having broken away from the Men's Tennis Council and turned their backs on the Interna-tional Tennis Federation, can

make a success of it.

At least we shall begin, as all the best stories should, at the very beginning, which is always a suitable place to start. The first tournament will take place in Adelaide, Austra-lia. I am a little surprised that the ATP Tour board, conscious of the need to exploit every promotional trick, has not asked "Bobo" Zivojinovic to organise the last event in Zagreb with Sound of Musicstyle vocal accompaniment from Julie Andrews.

The theatrical references are not altogether inappropriate, for international tennis these days is concerned as much with entertainment as it is with athletic endeavour. It has to be. Tennis, along with other sports and leisure pursuits, is competing for the same advertising dollars and the same prime-time TV slots.

But the sport has paid a price. By making superstars of the top performers, we have led the public to believe that an event without them is not worth watching. Thus, it is harder than ever to stage those middle range tournaments that form the bulk of the circuit. There is another, insidious danger. Increasingly, television, because of the revenue it creates, has come to dictate the

scheduling of matches, occa-sionally with disastrous results for the players.

At the US Open, for instance, there is no day's rest for either the men or the women between the semi-finals and final

because CBS fits the tennis

around the end of the baseball season. A year or so ago, John McEnroe was exhausted after one set of his Sunday final against Ivan Lendl because his semi-final against Jimmy Con-nors had not finished until late the previous Saturday night. This year at Flushing Meadow, the two eventual

champions, Boris Becker and Steffi Graf, were both victims of this crazy scheduling. Each had a long, gruelling semi-final and were fortunate to survive the following day: So outspo-ken were they about the mat-ter that, when the new TV contract is negotiated in 1991, I believe the USTA will at last feel obliged to stand up to the networks - even if this means a slight reduction in income, which the association will hardly miss.

John Barrett on the end of 20 years of Grand Prix competition

There was no reduction in Graf's income last week at Madison Square Garden. Despite a badly twisted ankle, this amazing athlete duly won the Virginia Slims championship and retained the title of world champlon, so ending another marvellous year in which she has been beaten only twice and won almost

Next week, Becker is the popular favourite to retain a title that he won for the first time last year. That day, he survived against world champion Lendl in an absorbing five set final that ended with a deed with a dead net cord on the last point

of a thrilling all-court rally.

The net played a crucial role in helping Boris the last time he was in New York, where eventually he beat Lendl again to capture his first US Open. Becker was lucky to be in the final at all. In the second round the free-spirited Californian, Derrick Rostagno, playing the match of his life, reached

The American came in on a deep ball to Becker's forehand and was poised perfectly to hit a winning volley. But Becker's

tagno's outstretched racket. Fate had ordained that he sbould survive.

For those who believe in these portents, the success of Graf last week virtually ensures a Becker victory next. After their double at Wimbledon and the US Open, the argument goes, the year must surely belong entirely to Ger-many. After all, these thing run in threes, I am told. But nothing is certain in a

round-robin competition at the end of a year when many of the performers are jaded. Lendl, ranked No. I in the Lendl, ranked No. 1 in the world, heads the Rod Laver Group and has to beat three Americans: John McEnroe (4), Michael Chang (5) and Aaron Krickstein (8). Becker, the world No. 2, is top of the Ilie Nastase Group in which his old rival Stefan Edberg (3) of Sweden plus two more Americans. den, plus two more Americans, Andre Agassi (6) and Brad Gli-bert (7), will be attempting to dethrone him.

If Lendl and Becker do meet

in eight days' time, it would be the perfect end to the year and would settle, in many people's eyes, which of them should be declared world champion by the selection panel of former champions. A recent victory in Stockholm has given Lendl, the Australian champion, a 10th tournament success in 1989 and taken his career total to 83 (still some way behind Connors' 109) and his year's earnings to \$1.43m. Yes, it has been a good year for Ivan. He has married

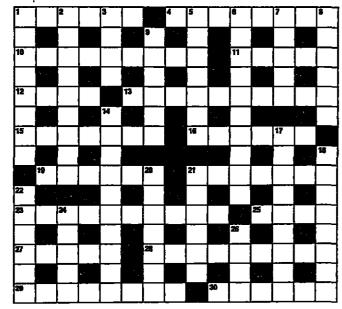
Samantha Frankl and he is already certain of first place on the Nabisco bonus pool with its pay-out of \$800,000. Accordingly, the wolves will be even less keen to tackle the six Alsatians that guard the Lendl mansion in Greenwich, Connecticut, than they might have

Apart from winning the two biggest championships of the year, Wimbledon and the US Open, Becker has also claimed the titles in Milan, Philadel-phia and Paris and led Germany once more to the final of the Davis Cup against the

Whatever the outcome, everyone is already preparing to usher in the new era with next year's ATP Tour. For the desperate lunge projected a sake of the game's world-wide dipping passing shot that leapt credibility, it must succeed. sake of the game's world-wide

CROSSWORD

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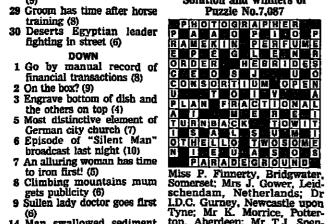
- 1 Club's cup final total (6)
 4 Dies before she is pulled
- through (8) 10 Blue coal is a rock to us (9)
- 11 Gather skinhead's first to make row (5) 12 Turkish governor against
- entering group (4)
 13 Ram tied with rope leads
- marches (10)
 15 Ought to be useful round
- black spot (7)
 16 I'm sending back sea-eagle
- without fur (6)

 19 Thanks retiring disc jockey
 (American) for including
- 21 Put away amount in
- ice-cream container (7)
 23 Jack, doing Ann's round, is
- giving up (10) 25 Admitting I knock back a
- 27 Welcome the French before getting permission (5) 28 Last of the carp or dog fish
- 29 Groom has time after horse

- is in pain (9) 18 Favour having flex wrapped round faulty fire (8)
 20 Guy gets attached to it (4.3)
- 21 Bright yellow lavatory by a railway (6) 22 Faint and sick, propped up
- in a cushion(6) 24 Humble sailor, sea-sick (5) 26 Simmered in some water (4) Solution to Puzzle No.7,098

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Solution and winners of



LD.C. Gurney, Newcastle upon Tyne; Mr K. Morrice, Potter-(6)
14 Man swallowed sediment ton, Aberdeen; Mr T.J. Spenwithout reason (10)

ton, Aberdeen; Mr T.J. Spenwithout reason (10)

BBC1 BEFC 1
200 am The New Adventures of Mighty
Mouse. B:15 Eggs 'n' Baker. B:25 Thundercats. 8:00 Going Livel 12:12 par Weather. 12:15
Grandstand leaturing 12:28 Boxing (Gary
Jacobs v Donovan Boucher. 12:45 Racing
from Newbury. 12:25 News; 1:30 The RAC
Raly; 1:15 Racing from Newbury. 12:25 Rallying; 1:50 Racing from Newbury. 2:26 Rallylinion (Barbarists v New Zestand); 3:46 Rootbell; 3:35 Football; 3:55 Soooker, (Stormssel
LYK Championship); 4:25 Boxing; 4:49 Pinst
Score

LITK Championssup; Acce Dushage The Score Soll News. Still London: Sport (Other regions - Regional News and Sport). Still The Flying Doctors. 828 The Noel Edmonds Saturday Readshow, 665 Bob's Full House. 729 Hearts of Gold. 839 Film: "Escape to Vetory". Starting Michael Cales and Sylvester Stallone. 825 News and Sport. 19716 Snooter (asion from today's matches in the Stormseal UK Championship). 11948 Film: "She's Dressed to Kist", starring Elegand Parker.

BBC2

BBC1

253 am it's My Plessure, 2:30 This is The Cay, 10:00 A Life Of Our Own, 10:25 Buonglorno Italia! 10:30 Heip Your Child with Maths, 11:35 Heid Untu 80 Chasl, 11:39 in the Know, 11:40 Step Up to Wordpower, 12:05 pm See Heart 12:30 Country File, 10:00 News; On the Record, 2:00 EastEnders, 2:00 Snooker 4:46 Superdops, 2:30 The Clothes Show, 5:46 The Chronicles of Namia, 8:15 Stepping Up, 8:28 News, 8:40 Songe Of Prates, 7:15 Last of the Summer Wina, 7:45 Howards' Wy, 8:25 Snead, 9:35 The Ginger Tree. 18:05 News, 18:20 Everyman, 11:50 Snooker (the last frames of today's matches in the Sumsead et al., 12:30 Network East, 12:40-12:45 am Westher.

8-15 as The Hallo Spencer Show! 8-00 Umbrella. 8-55 Smoggles. 9:15 Corners. 8:30 Visionaries. 9:55 Size Peter Omnibus. 10-95 Maid Marian and her Morry Men. 11:10 Sca-pops. 11:25 The Q Zons. 12:10 pm Reportage Undata. 1:80 One in Four. 1:39 Sporting Years

25 am TV-sm Breaklast Programme. 225 Calderen's ITV: The Disney Club. 1846 Link. 1120 Meditation...1298 The Human Factor. 1230 per Six with Klammer. 1255 Police 5. 1235 Local news and weether. 1:50 ITN News., followed by ITV national weether. 1:18 Gyoviness. 2:50 Branson - The Pacific Challenge. 2:55 Butleays. 2:25 The Materia Arsonal v Manchester United. 2:15 Sunday Sunday.

LONDON

LONDON

8:09 am TV-am Bresidest Programme. 8:25
Children's ITV: Motormouth 2. 11:30 The ITV
Chart Show. 12:28 pm ALF. 1:50 ITN News,
followed by ITV national weather. 1:95 Local
news and weather. 1:10 Saint and Greevele.
1:40 Spontamastors. 2:19 "Geneyow", starring John Gregoon, Dinsh Sheridan and Kennett More-3:80 Coronation Street. 4:46
Results Service. 9:39 ITN News followed by
ITV national weather.
8:10 Local news and weather. 5:15 The
A-Tearn. 8:15 Catchphress. 6:45 Stind Catch
2:18 Beadia's About 8:85 Prederict Porsyth
Presents...A Cesualty of War. 16:00 ITM News
and Sport followed by ITV national weather.
16:15 Local weather. 16:28 The Dame Edne
Experience. 11:10 Tour of Duty, 12:16 am
Saturday Night at the Movies.

Norm. 1225 Denice with Ma. 1225 Channel A. Racing from Newcoasta.250 "Carrie", starring Laurence Olivier and Jennifer Jones. 305 Strookside Ornalbus. 6250 Right to Reply. 620 Right to Rinch Right to Right to Right to Right to Right to Right to Right t

12:36 per Satrean, 2:19 "Island of the Loe" starring Richard Greene, 2:15 Mission Juno The First Briton in Spece, 5:45 Calch phrase,10:28 Suraces, 11:25 Saturday Nigh at the Movies, 11:55 "Malibu Beach".

S4C WALES

S4C WALES

ANGLIA

BORDER

SATURDAY Per Cholio, 8:40 Y Mess Chwarae, 9:30 4 Pigy, 18:36 Film: "Focistops", IBA Regions as London except at the following fileses:

ANGLIA

BORDER

1230 pm Saturday Night at the Movies, 2:10 ALF, 2:45 Rugby League Live, 2:15 Operation June, 5:45 Gatchphrase, 2:15 Blind Date, 18:29 Saracse, 11:55 Film: Twilight's Last Gleaning," starring Burt Lancaster 11:49

CENTRAL

1236 pm The Fashion Show. 2:18 "Value for Money" starring John Gregaon and Diana Dora.2:15 Mission Junc.2:45 Catch-phrase.11:16 Saturday Hight at the Movies. 11:58 Prisoner. Cell Block H. CHANNEL

12:39 per Hot Weter. 2:18 The Ngalo Marsh Mysterios: "Colour Scheme", 16:28 Serecten. 11:28 Tour of Only, 12:28 Seturday Night at the Movies.

GRAMPIAN 12:39 pes Schurday Night at the Movies. 2:16
Feature Film: "Backstor of Hearte", stars
Hardy Kruger. 2:16 Criomagan (For Gaello
Speakers). 5:16 Mestion Juno - The Decision.
10:16 Catchphrase. 6:15 Billed Date. 10:30 Saracon. 11:25 Saturday Night at the Movles 11:35 "Twilight's Last Gleening", testuring Burt Lancaster, Richard Widmark, Joseph
Cotten and Mehyn Doughas

GRANADA

The Speciacular World of Guinness Records. 250 Pupply Legue - Widnes v Castellord. 251 Mission Juno (The Erst Bitton in Specs). 255 Catchphrase, 6:15 Start Deta-18-20 Sers-con. 11-25 Start Movie: Burt Lancester in "Twi-

HTV

TELEVISION & RADIO

12:50 pm Bebrup, 2:10 "The War of the Worlde", sterring Gene Barry, 3:65 Cartoon Time.Eris Mission Juno - The Parts Briton in Space... 6:46 Cetchphrese. 6:16 Blind Date 19:25 Sparcen, 11:25 Seburg Night at the Movies, 11:25 Crisc Story followed by ITM

SCOTTISH

12:30 pm Sahurday Night at the Movies. 2:19
The War of the Worlds" 2:55 Certon Time.
2:15 Minston Juno - The First Briton in Space.
2:55 Catchphrasa. 6:18 Bland Date. 11:25 Seturday Night at the Movies. 11:25 The Star
Movie. The Libie Drunnear Girl", starring

12:39 par The South West Week. 2:10 The Seturday Matthews "Velice for Morney", star-ring John Gregion and Sustan Saphen. 588 Nevesport. 6:19 Gus Honeybun's Magic Skrib-days.3:18 Mission.hum - The First Britons in Space. 5045 Catchphrase. 6:15 Stind Opts. 16:29 Surscen. 11:25 Saturday Night at the Movies. 11:35 Burt Lancaster in "Twilight's Last Glearming".

TSW

TYNE TEES

ULSTER

12:50 pm Saturday Night at the Movies, 2:10
"The War of the Worlde", 3:46 Cartoon, 2:50
ALF, 4:15 Botlesye, 8:65 Northern Life: Saturday Special 8:15 Blind Date, 16:20 Saracen
11:25 Saturday Night at the Movies, 11:55
"Willight's Lest Gleaming".

VORKSHIRE

12:00 pm ALF. 2:16 Lost Worlds: "The Worlds", (Gene Burry and Ann Robinson sten). 5:15 Operation June. 5:05 Casthphrees. 6:15 Blind Date. 16:29 Semaces. 11:29 Tour of Duty 12:29 am Setunday Night at the Movies.

RADIO (S) Storeo ce FM

RADIO 2

RADIO 3

RADIO 4

PARADIC 4

2:00 Breskaway, 18:00 News, 2:05 Sport on 4,
2:00 Breskaway, 18:00 News, Loose Ends (s),
11:50 News; The Week in Westminster, 11:20
Europhile, 12:20 Money Box, 12:25 par The
News Outz (s), 12:35 Westher,
1:30 News, 1:16 Any Oussdons? 2:50 News;
Any Anewers? 2:30 Spolling Egyptis), Play by
Milke Weiklar, 4:00 News; Age to Age, 4:20
Science Now, 5:50 Conversation Proces, 2:55
Westher, 6:50 News; Sport rollind-up, 6:25
Citizens (ormibes cellion) (s), 7:10 Stop the
Week with Robert Robinson.
7:45 Sakmday-Night Sport and 18:45 Westher,
10:00 News, 16:15 Get Bind, 18:45 Westher,
10:00 News, 16:15 Get Bind, 18:45 Westher,
10:00 News, 16:15 Get Bind, 18:45 Fether,
11:26 Beachcomber . by the Way (s),
12:00-12:30 see News.

SUNDAY

CHANNEL

12:30 pm Reflections, 12:35 Les Français Chas-rous, 2:50 pm McCloud, 2:55 Buffreye, 2:16 Close to Home, 7:45 The Ruth Rendell Mysteries, 11:35 Whitpread Flound the Vigrid Risce Updata, 11:45 The Human Factor, 12:15 am Film of the Book "Momme Decrees."

GRAMPIAN

10:45 am Robostory. 11:15 Jerusalem of Heaven and Earth. 11:45 Link. 12:36 pm Land-mark. 2:50 Festure Film — Lesson in Lov-ling. 1:250 Festure Informational Badminton Competition – Scotland v Sweden. 4:28 Scot-sport. 6:50 Bulliseye. 7:15 Close to Home. 7:45 Ruth Rendell Mysteries. 11:33 Prisoner Cell Block H. 12:30 am Quiz Might.

12:50 pm This is Your Right. 12:60 What the MP's Say followed by Granada Reports. 2:00 McCloud. 2:55 Bullseye. 8:25 Coronation Street (Oranibus edition). 7:15 Close to Home. 7:45 The Rush Rendell Mysteries. 11:35 Pris-oner: Call Block H. 12:30 sm Cutz Night.

12:28 pm Farming Diary. 2:30 Highway to Heaven. 2:25 Whoel of Fortune. 8:35 Bulledye. eb5 Certoon Time. 8:25 Whiteved Round the World Recs. 7:15 Close in Home. 7:45 The Ruth Flendell Mysteries. 17:28 Prisoner: Cell Stock H. 12:20 per Clive's Countrywise followed by Weether for Farmers. 2:00 Heart of the Country. 2:25 HTV Weet Sport Special, 8:35 Bullows. 6:26 Who's The Bost?, 7:15 Close to Home. 7:45 The Ruth Rendell Mysteries. 11:35 Prisoner: Cell Slock H. 12:35 am The ITV Chart Show.
HTV WALES as MTV escapt. 12:36-12:36 per Farming Wales. 2:00 Day return. 2:38-3:35 Where There's a Will.

SCOTTISH 18:65 sm Glen Michael's Carbon Cavelcade, 11:15 Link, 11:30 Crarm Teru. 12:30 pm Soci-tish Supplement. 290 Landmark. 2:20 Fid-diers Tracks. 2:30 Highway to Heaven. 4:50 Butleyer. 4:20 Scotyport. 6:60 The Bitle and the Green. 2:15 Close to Home. 7:45 The Ruth Fendell Mysteries. 11:25 Night Flyte followed by ITN News Headlines.

TSW

18:45 am Link followed by Commently Link, 11:50 Morning worship from Christ Church Forum, Greenwich. 12:30 pas Farming News. 2:00 Off the Hookd 2:16 Sas Honeyton's Magic Birthdays. 2:25 ALF. 2:55 Bullseye. 6:35 The Life and Times of Grizzly Adente. 7:16 Close to Home. 7:45 The Ruth Rendel. Mysteries. 11:35 Orime Story. 12:36 am Culz

resws and Weather, including Farming Weather, 255 Sullarye, 7:15 Close to Home, 7:15 The Ruth Raddell Mysteries, 11:35 Whithread Round the World Race, 11:35 The Human Faster, 12:15 are Fam of the Book. "Mornmile Dearest" starring Paye Dunaway.

12:30 pm Straight Talk. 2:98 McCloud. 2:55 Landmark. 6:39 Coronation Street (omnibus edition). 7:15 Clase to Home. 7:45 The Ruft Rendell Mysteries. 11:35 Irmer Space (Pontop area only). Spat M.A.N. (Siledade area only). 12:58 zm Jerusulem. 12:39 TN News Head-lines. 12:32 Outz Night.

ULSTER 12:30 pm Práview. 2:59 Venture. 2:25 Maio It Pay - Worlding with Wood. 2:36 Bullseye. 2:36 Coronation Street. 7:15 Close to Home. 7:45 The Rush Rendall Mysteries. 11:35 Prisoner. Cell Block H. 12:36 am Celz Night.

YORKSHIRE

RADIO (\$)

RADIO 2

PARDIC 2

7:30 am Roger Royle says 'Good Morning Sunday', 8:05 Metodies for You, 11:00 Decision Carrington with your Radio 2 All-little Grosts. 2:06 pm Gilbert and Sulfivan. "The Youman of the Gustof' including 2:28-6-4 David Maolée laies a took at the popular operetz. 4:30 Sing Something Simple. 4:est Los Paragunyos. 6:80 (FM joine Radio 1). 7:58 Living with Besty. 7:20 Adele Leigh presents high Musical Life'. 8:30 Sunday Half Hour. 5:06 Your Hundred Best Tunes. 19:08 Songs from the Shows. 18:45 Peter Dickinson at the plane. 11:09 Peter Clayron with Sounds of Jazz'. 1:90 am Colin Berry presents 'Nightride'. 2:00-1:90 A Little Night Music. Medium Ware as doors account. 32:3-6:20 per

RADIO 3

7:36 am By Appointment. 7:36 News. 7:35 haydn Originals 8:26 News. 8:35 Your Concert Cholcs. 10:36 Music Weeldy. 11:15 BBC Philharmonic, with Angela Hewitz (plano): Smetana (From Bohemla's Woods and Fields). Mozart (Plano Concerto No 18), Marthus (Symphony No 4). 12:26 pm Howard Shelley (plano): Heydn (Sonata in E flat, H.V.149). Schumarin (Gernatu in Ellis H.V.149). Schumarin (Gernatu in Elli

phony Orchestra conducted by Eir Georg Softi, with Joseph Golan (violin): Beetheven (Corlotan; Symptomy No. 4). Bartok (Violin Concerto No. 2). 488 Celebrity Reoltal, Scharoun Ensemble: Devisans (Bessoon Quarter Op 73 No. 2). Mozart (Horn Cantest in Ette, K 407). Schubert (Cotet in F. D 603). 6:15 The 1988 Reich Lacksres: "Beyond the Tunnel of History" by Jacques Darras. 1: The Time Traveller. dest Wanda Landowske (Parpetriori): Cooperin, Schriebt and Bech. 7:30 LSO at the Sarbicon, with Felicity Los (acquency), Aliroda Hadgoon (mezzo), Marrin Hill (teans), Sawhet Issarlia (cello), the London Symphony Chorus and Southens Goys' Choir, part 1: Vaughen Williams (Tallis Farshais), Elgar (Collo Concerto). 8:20 Your Father's Eyes Are Blue; The Bey, The Albartos. Part C Hallahide reads three pieces from Bruce Chatwin's recent collection (mence). 8:9 LSO, part 2 Britten (Spring Symphony). 250 Besso on Mozart, Kalton Surrock and Piers Line (Saroch).

RADIO 4